



- Betsy DeWitt – Chairman
- Nancy A. Daly
- Jesse Mermell
- Richard W. Benka
- Kenneth M. Goldstein
- Melvin A. Kleckner –  
Town Administrator

# **AGENDA**

## **BOARD OF SELECTMEN**

### **CALENDAR**

#### **FOR**

#### **01/24/2012**

### **SELECTMEN'S HEARING ROOM**

1. **ANNOUNCEMENTS**

**7:00 PM** Selectmen to announce recent and/or upcoming Events of Community Interest.

2. **SELECTMEN UPDATES**

Reports by individual Selectmen on activities related to carrying out the responsibilities of the Board.

3. **PUBLIC COMMENT**

Public Comment period for citizens who requested to speak to the Board regarding Town issues not on the Calendar.

4. **MISCELLANEOUS**

Approval of miscellaneous items pg. 3, #s 9-14 licenses, vouchers, and contracts.

5. **BOARDS AND COMMISSIONS - INTERVIEWS**

**7:15 PM** The following candidates for appointment/reappointment to Boards and Commissions will appear for interview:

**Transportation Board**  
**John Sesody**

**Trustees of Walnut Hills Cemetery**  
**Eileen Gallagher**

6. **MOBILE FOOD TRUCKS**

**7:30 PM** Question of adopting Mobile Food Vendor Regulations in connection with a Pilot Program to begin in April.

7. **2011 AUDIT REPORT**

**7:45 PM** Members of the Audit Committee and representatives of Powers and Sullivan will appear to present the 2011 Audit Report.

8. **FY13 SELECTMEN'S BUDGET OBJECTIVES**

Review of the Selectmen's Budget Objectives for FY13.

9. **MISCELLANEOUS**
10. **Question of approving the minutes of January 17, 2012.**
11. **Question of authorizing the Treasurer/Collector to provide for the sale and issuance of bonds under G.L.c. 44 Section 21A to refund all or any portion of the remaining principal of and redemption premium and interest on the Town's General Obligation Bonds dated May 15, 2002, May 15 2003 and May 15, 2005.**
12. **Question of reappointing Finance Director Stephen Cirillo to the Retirement Board**
13. **Question of transferring \$7,200 from the BAA Trust Fund Account (6300TR02) to the Arts Council Matching Grants Account (1220SG27).**
14. **Question of granting a temporary Wine and Malt beverages license to the Brookline Chamber of Commerce in connection with an Event to be held on January 26, 2012 from 5:30pm - 8:30pm at the Puppet Showplace Theatre, 32 Station Street.**

*The Town of Brookline does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services or activities. Individuals who need auxiliary aids for effective communication in programs and services of the Town of Brookline are invited to make their needs known to the ADA Coordinator, Stephen Bressler, Town of Brookline, 11 Pierce Street, Brookline, MA 02445. Telephone (617) 730-2330; TDD (617) 730-2327; FAX (617) 730-2296; by e-mail at [sbressler@brooklinema.gov](mailto:sbressler@brooklinema.gov)*

**TRANSPORTATION BOARD**

<b>Michael Sandman, Chair</b>	<b>(2012)</b>
<b>William Schwartz</b>	<b>(2012)</b>
<b>Gustaaf Driessen</b>	<b>(2013)</b>
<b>Pamela Zelnick</b>	<b>(2013)</b>
<b>Brian Kane</b>	<b>(2011)</b>
<b>Josh Safer</b>	<b>(2011)</b>

**INCUMBENTS**

**Brian Kane**  
**Josh Safer**

**NEW CANDIDATES**

**John Sesody**

**Objective**

Marketing, project management.

**Experience**

John Hancock Life Operations Strategic Planning and Implementation Office (2008-present)

**Project Manager / Business Analyst II**

Responsibilities and achievements:

- Liaison between project managers and business units for ongoing strategic work.
- Driver behind timely completion/implementation of business-related process improvements.
- Advanced elective coursework for Business Analysis professionals.
- Recent implemented projects:
  - Lifecycle workflow design for new John Hancock product, LifeCare.
  - Department-wide illustration training program designed for Specialty Products business unit.

Ongoing projects:

- Automation of initial payment process via EFT/PAC draft.
- Website access for TPA policy owners.
- Upgrade to existing producer database for new business and inforce teams.
- Analysis of current print vendor relationship for process/cost improvements; RFPs being developed at the corporate level.

John Hancock Specialty Products and Distribution (2002-2008), Boston, MA

**Business Analyst / Workflow Coordinator**

Responsibilities:

- Workload monitoring and statistics maintenance for department audits.
- Department point of contact for COLI unit and illustration issues.
- Part of project management team for variable policy analysis project; oversight of two summer associates.
- Oversight of project to upgrade illustration system for executive compensation variable policy block, reporting to Inforce Management team.
- Accounting reconciliation for unit financial transactions, including discrepancy correction and gain/loss balancing.
- Continuous training for upgrades and changes to issue processes, including introduction of new application and administration systems.
- Maintenance of proprietary database for validation of high-value case information, as well as scheduled and ad hoc report production.
- Production of illustrations and time-sensitive reporting for producers in field, using JH proprietary systems.
- Assisted with team management due to increased team responsibility and staff/management depletion.

Achievements:

- Part of first group (COLI unit) to win division-wide service award.
- BACP-certified; ALMI awarded with honors, June 2008.
- Coursework progression toward PMP, CLU, ChFC and CFP certifications.

**M Group Service Liaison (2002-2004)**

Responsibilities and achievements:

- Support source for 7 of the top 11 M firms; participation in biannual seminars for M Group producers.
- Passed NASD Series 6 exam September 2002.
- Oversight of department-wide policy acknowledgment receipt tracking project.

John Hancock Signature Services (2000-2002), Charlestown, MA

**Customer Access Representative**

Achievements:

- Member of CA Focus Group, 2001.
- Received LOMA I and II certification August 2001.
- Extensive training for entire range of life and fixed/variable annuity products.
- Became member of specialized Declaration/Patriot/Revolution product service team November 2001.

Fine Paints of Europe (1998-2000), Woodstock, VT

**Print and Electronic Media Editor/Marketing Specialist**

Responsibilities and achievements:

- Created and implemented major direct marketing tools.
- Edited corporate newsletter, distributed to database of 40,000+ consumers; edited articles published in national trade journals.
- Initiated complex web site overhaul, leading to 50% increase in site traffic and 100% increase in Internet orders.

University of Virginia (1992-1997), Charlottesville, VA

**Information Services Supervisor**

Responsibilities and achievements:

- Education of faculty, staff and students in computer skills
- Daily maintenance of LAN network, encompassing over 100 local and 400 external terminals.
- Supervision of core group of six consultants, including staff budget and hiring.
- Enhanced user satisfaction and staff services through testing/evaluation of physical and technical environments.
- Assisted in re-design of entire computer laboratory, resulting in significant improvement in traffic and ease of hardware use throughout workspace.

**Education**

University of Virginia – English.

**Technical**

Microsoft Office suite, including Visio; Adobe Acrobat/Photoshop; basic HTML programming; LAN work on Mac and PC platforms.

**Personal**

Active volunteer in John Hancock community programs, including elementary/high school student mentoring and food bank sorting/distribution.  
Athletic activities including ice hockey, golf, tennis, running; ran 2002/2009 Boston, 2002-2003 New York and 2004 Florence marathons.

**TRUSTEES OF WALNUT HILL CEMETERY**

**Abbe Cohen, Chair (2011)**

**Katharine Begien (2011)**

**Patricia Ostrander (2012)**

**Donalda Hingston (2013)**

**Joslin Ham Murphy (2013)**

**VACANCY (2012)**

**INCUMBENTS**

**Abbe Cohen**

**Katharine Begien**

**NEW CANDIDATES**

**Eileen Gallagher**

**Wm Arthur Reilly**

August 3, 2011

167 Rangeley Rd.  
Chestnut Hill, MA 02467

Brookline Selectmen  
Brookline Town Hall  
333 Washington St.  
Brookline, MA 02445

Dear Selectmen,

I am applying for appointment to the board of trustees at Walnut Hills Cemetery.

My family has a history of commitment to the town of Brookline. My husband was born and raised here and served on the Board of the Brookline Community Foundation for many years with Betsy DeWitt.

My qualifications to hold this position stem from decades of past community service, my 26 years as a resident of South Brookline and my strong work ethic. I am a former junior chair, committee and board member from Longwood Cricket Club. I was recently honored at Wheelock Family Theatre's 30th anniversary for my many years as a volunteer in multiple capacities. In addition, I ran a hugely successful "Breakfast Club Program" for the Town of Brookline Schools.

I believe my demonstrated skills and quality of work will be assets in the maintenance, improvements and fiscal health of the cemetery which will in turn strengthen the vital partnership between the cemetery and the town of Brookline.

I look forward to meeting you and discussing my candidacy further.

Sincerely,



Eileen Gallagher

(617) 327-8357

Vacheluna@gmail.com

RECEIVED  
BOARD OF SELECTMEN  
2011 AUG -3 A 11:14  
TOWN OF BROOKLINE

## Brookline Mobile Food Pilot Program – Spring 2012

### General Information

Based on a July 2011 request by Brookline's Board of Selectmen, Town staff is pulling together a Brookline Mobile Food Pilot Program to begin in April 2012 and last 6 months. Following the Pilot Program, the Town will determine whether and how a future food vendor program might be implemented.

In recent years, mobile food trucks and carts have become increasingly popular across the country. Restaurateurs are able to develop new food concepts at relatively low cost and bring them to locations where there may be an unsatisfied demand for freshly-prepared food. Brookline is a desirable place to support mobile food, in part because of its population of college students, young professionals and families. When making food truck parking assignments, the Town of Brookline will take into careful consideration the location and type of established restaurants because the Town values its existing, robust restaurant community and wishes to minimize any impact of the Mobile Food Pilot Program on existing businesses.

Qualified mobile food truck or cart vendors will use public parking locations on certain Town streets and in parks from which to sell freshly-prepared food to the general public. As shown on the attached map (also available at <http://bit.ly/BrooklineFoodTruck>), the proposed locations for food trucks or carts are areas likely to be underserved by nearby restaurants.

#### **Additional information on the Brookline Mobile Food Pilot Program:**










- Vendor applications will be accepted from January 26th through February 13th, 2012 for the Pilot Program to operate April - September 2012
- Vendors will be required to submit with their application a plan for controlling litter and washroom access by employees
- In February 2012, Town staff (Health, Economic Development, Parks, Transportation, Planning, Building, Police, and Fire) will recommend to the Board of Selectmen vendors to participate in the Pilot Program based on the following:
  - Freshness, quality and variety of food offerings; whether truck offerings are difficult to find elsewhere in Town; nutritional value and affordability of menu items; any impact on nearby, existing businesses; compatibility with parks and traffic patterns; whether operations are environmentally friendly; and the results of Health and Fire inspections
- In March 2012, the Board of Selectmen will consider staff recommendations and decide, after a public hearing, whether to grant a food vendor license
- Licensing and permitting requirements will address health and public safety concerns
- Approved vendors will pay to the town prorated licensing fees during the Pilot Program and monthly fees for use of parking spaces on the street and in public parks

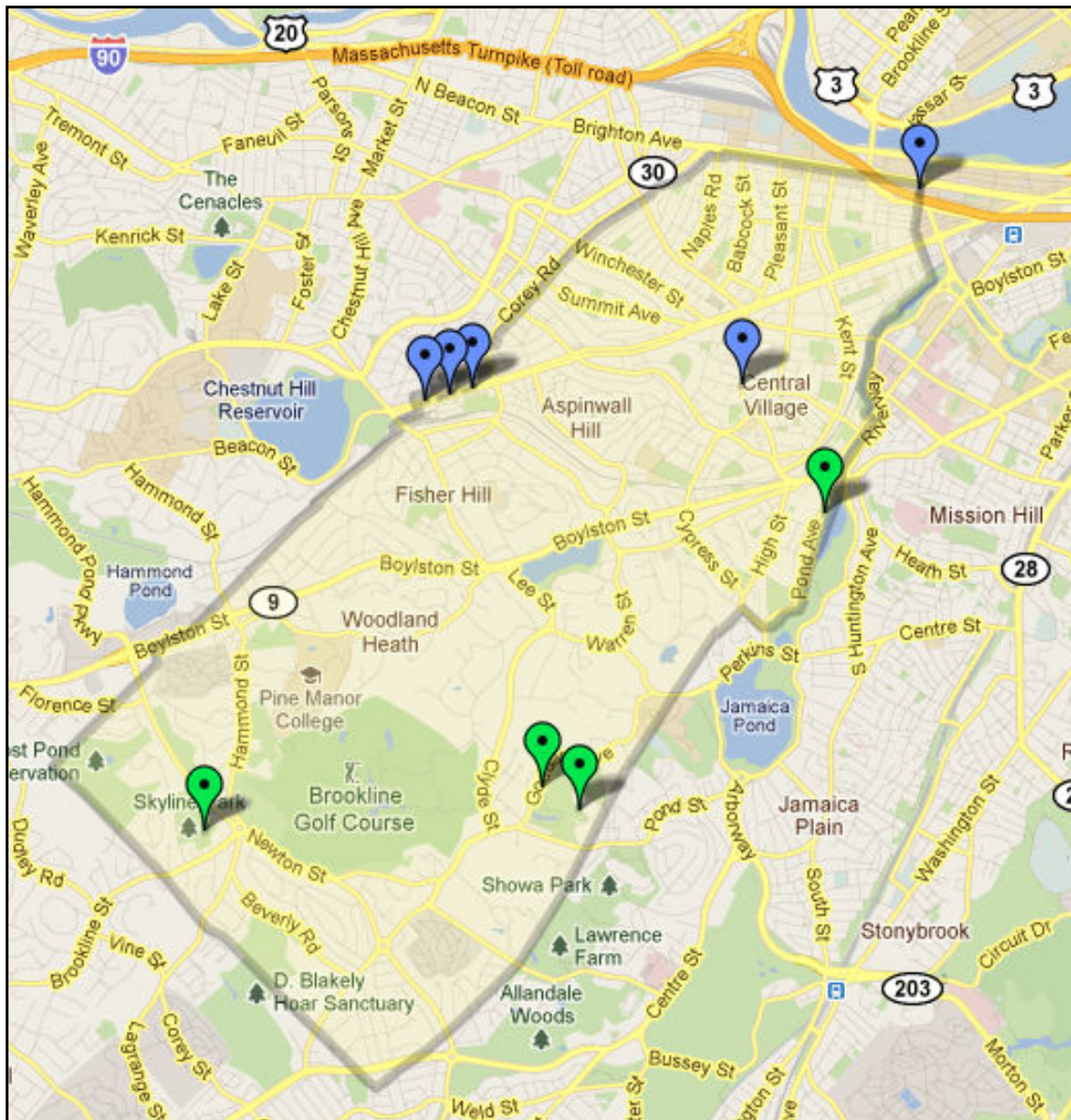
Questions can be directed to [mobilefood@brooklinema.gov](mailto:mobilefood@brooklinema.gov), or by calling 617-730-2300. For more information, visit [www.brooklinema.gov/mobilefood](http://www.brooklinema.gov/mobilefood).

## 6. - 2

### Brookline Mobile Food Pilot Program – Spring 2012

#### Proposed Food Truck Locations (<http://bit.ly/BrooklineFoodTruck>)

-  Beacon St median @ Cleveland Cir T
-  Beacon St median @ Englewood T
-  Beacon St median @ Kilsyth Rd
-  BU: St.Marys St @ Comm Ave
-  Harvard St @ Auburn St
-  Larz Anderson Park, parking @ Goddard Ave
-  Larz Anderson Park, parking @ skating rink
-  Olmsted Park, parking @ Pond Ave
-  Skyline Park, parking @ top of hill, off Newton St





## Addendum for Prospective Food Truck Vendors:

### How to participate in the program:

- i. Application filing
- ii. Application review process
- iii. Mobile food vendor fees

i. Fill out a Pilot Program application providing information about your mobile food operation. An application is included in this packet for your convenience and applications may be accessed online at: <http://www.brooklinema.gov/mobilefood>. Applications will be accepted from January 26th through February 13<sup>th</sup>, 2012 and may be submitted by e-mail (to [mobilefood@brooklinema.gov](mailto:mobilefood@brooklinema.gov)) or by mail (to Health Department, 11 Pierce Street, Brookline, MA 02445). A \$225 application fee is required at the time of submittal and will be refunded in full if: (i) the applicant is not chosen for the Pilot Program; or (ii) the applicant decides not to move forward with the Pilot Program after receiving assigned location(s).

ii. Town staff will review each application to determine which mobile food operations to recommend to the Board of Selectmen for a food vendor license. Staff will consider the qualifications of each applicant and whether the proposed food vendor operation meets the needs of the community, is compatible with the needs, uses, and operations of the Transportation and Parks Divisions (as applicable), and satisfies regulatory requirements. Staff will also consider the impact applicants could have on the community with respect to noise, traffic, congestion, odors, sanitary and waste disposal facilities, parking, dust and fumes, as well as any impact on existing restaurants. (Staff will not recommend vendors to operate in close proximity to existing restaurants that offer similar types of food.) In addition, staff will score each application according to the criteria on page 5 of this packet and take each applicant's score into consideration. Applications must score a minimum of 3 points to be considered.

If staff recommends your operation, it will also recommend to the Board of Selectmen the days, dates, times and location(s) for which the Board should consider licensing your operation.

The committee will:

- Consider rotating vendors at a single location
- Give preferential location(s) to the operators with the highest-scoring applications, after considering the other factors described
- Provide a fair distribution of opportunities among similarly meritorious applications
- Make location assignments that will offer Brookline residents a diversity of offerings on a given date and location
- Ensure vendors are assigned locations that are compatible with the needs, uses, and operations of the Transportation and Parks Divisions.

iii. Licensed operators will agree to pay to the Town of Brookline a per-month licensing fee, as outlined below, for use of parking in the public right-of-way or approved public parks. The Town of Brookline will reserve two on-street parking spaces for each approved location in the public right-of-way and no more than three off-street parking spaces in public parks on the days and times for which you have received your permit. (You may park and operate for any period within your permit's time constraints.) Monthly fees shall be paid by the 25th of the prior month. All vendors will also be required to name the Town of Brookline on a Certificate of Insurance in the amount of \$1,000,000.

## 6. - 4

### Public Right-of-Way Locations: Payable to the Town of Brookline

<u>7 days/wk</u>	Breakfast (6-10AM) \$150	Lunch (10AM-3PM) \$300	Dinner (3PM-11PM) \$150
<u>5 days/wk</u> (Mon-Fri)	Breakfast (6-10AM) \$120	Lunch (10AM-3PM) \$240	Dinner (3PM-11PM) \$120
<u>2 days/wk</u> (Sat & Sun)	Breakfast (6-10AM) \$30	Lunch (10AM-3PM) \$60	Dinner (3PM-11PM) \$30

### Public Park Locations: Payable to the Town of Brookline Recreation Department

<u>7 days/wk</u>	Breakfast (6-10AM) \$150	Lunch (10AM-3PM) \$300	Dinner (3PM-Dusk) \$225
<u>5 days/wk</u> (Mon-Fri)	Breakfast (6-10AM) \$100	Lunch (10AM-3PM) \$200	Dinner (3PM-Dusk) \$150
<u>2 days/wk</u> (Sat & Sun)	Breakfast (6-10AM) \$100	Lunch (10AM-3PM) \$200	Dinner (3PM-Dusk) \$150

## 6. - 5

### Scoring Criteria for Pilot Program:

	<b>Fair (0 pt)</b>	<b>Good (1 pt)</b>	<b>Excellent (2 pt)</b>
<b>Variety of Freshly-Prepared Offerings</b>	Serves only one or two types of food items.	Serves at least 5 food items with variation in main ingredients and/or preparation styles.	Serves a wide variety (7 or more) of different types of food items, uses many different ingredients.
<b>Quality and Uniqueness of Offerings</b>	Serves items found in typical fast food establishments or carnival concessions.	Serves items or uses preparation styles that are offered on a more limited basis (e.g. foreign styles, vegetarian options) or are of a superior quality to those found within a quarter mile.	Serves items difficult to find elsewhere in the Town of Brookline or are items of exceptional quality.
<b>Freshly-Prepared Offerings</b>	More than 80% of food offerings are pre-packaged and/or not freshly-prepared.	Less than 50% of food offerings are pre-packaged and/or not freshly-prepared.	Less than 25% of food offerings are pre-packaged and/or not freshly-prepared.
<b>Nutritional Value</b>	Few food items sold are nutritionally superior (may include low-calorie, low-fat, low-salt, whole grain and/or containing fruits and vegetables).	At least 20% of food items sold are nutritionally superior (may include low-calorie, low-fat, low-salt, whole grain and/or containing fruits and vegetables).	More than 50% of food items sold are nutritionally superior (may include low-calorie, low-fat, low-salt, whole grain and/or containing fruits and vegetables).
<b>Sustainability of Operation</b>	Operation is conventional with regard to energy use, ingredient sourcing, waste management, etc.	Some use of energy-efficient equipment or practices, local ingredient sourcing, waste reduction or other measures.	Operation is very energy-efficient (e.g., is bike-powered, solar-powered), or most ingredients are sourced locally, or nearly all waste diverted from landfills, or other exceptional measures.

**2011-12-15 Draft**

**BOARD OF SELECTMEN  
TOWN OF BROOKLINE  
MOBILE FOOD VENDOR REGULATIONS  
(Voted: \_\_\_\_\_, 2012)**

**1. Definitions**

- a. “Board” means the Board of Selectmen for the Town of Brookline.
- b. “Food vendor license” refers to the license to sell food issued under the authority of Article 8.10 of the Town of Brookline’s By-Laws.
- c. “Ice cream” means any prepared or packaged frozen dairy or frozen water-based food product.
- d. “Ice cream truck vendor” means a mobile food vendor that offers ice cream for sale, whether as a sole menu item or in combination with other food or beverage items.
- e. “Ice cream truck vendor permit” refers to the permit to sell ice cream issued under the authority of Mass. Gen. Laws ch. 270, § 25.
- f. “Mobile food vendor” means any person or business offering for sale any prepared or packaged food or beverages from a truck or cart, including ice cream and non-ice cream food and beverage products.
- g. “Mobile food vendor licenses” refers collectively to both a) ice cream truck vendor permits and b) food vendor licenses that are issued to businesses operating from a truck or cart.
- h. “Mobile food vendor licensee” means the holder of a mobile food vendor license.

**2. Licenses and Permits; Applications**

All mobile food vendors wishing to conduct business within the Town must apply for and obtain all necessary licenses and permits to do so.

Mobile food vendors who do not offer ice cream for sale must obtain from the Board a food vendor license. This requirement does not apply to: a) vendors associated with the Brookline Farmer’s Market (however, such vendors must register with the Brookline Health Department), and b) vendors selling food or beverages on a one-day basis or for special events (for which separate approval is required), including charitable and non-profit fundraisers.

**2011-12-15 Draft**

All ice cream truck vendors must obtain from the Board an ice cream truck vendor permit. In addition, ice cream truck vendors must obtain a permit from the Brookline Health Department, and a Hawker's and Peddler's License from the Commonwealth of Massachusetts, if applicable.

The Board shall determine the term of the license or permit.

Application and license fees shall be in an amount established by the Board pursuant to M.G.L. c. 40, s. 22F.

Mobile food vendors shall submit the following as part of their application for a mobile food vendor license:

- a. a description of the proposed operation, including:
  - i. a description of the business and a menu,
  - ii. proposed hours of operation and a detailed schedule of times and locations where the vendor will be stationary and serving food,
  - iii. in the case of vendors who will not conduct business at a set location, the proposed hours of operation and route,
  - iv. a plan for the control and elimination of litter that complies with Article 8.7 of the Town of Brookline By-Laws and the regulations of the Town of Brookline's Health Department,
  - v. a description of any cooking equipment including gas tank size, if applicable,
  - vi. a description of any cooking, refrigeration, seating, or other type of equipment, apparatus, or furniture the vendor wishes to place on areas outside of the truck or cart, and
  - vii. a description of the restroom facilities with flushable toilets and access to hand-washing facilities that will be available for the use of employees;
- b. proof that:
  - i. the truck or cart will be serviced by a mobile food commissary, or another method approved by the Brookline Health Department, and
  - ii. unless operating on private property, the existence of a general liability policy in effect during all days and times for which a mobile food license is sought, that names the Town as an additional insured and is in a form and for an amount approved by the Town; and
- c. unless operating on private property, an agreement absolving the Town, its officials, officers, and employees from all liability in connection with the proposed use of Town property, agreeing to indemnify the Town for any damage to the Town's personal and real property resulting from the use, and agreeing to indemnify the Town for any expenses the Town incurs in restoring the Town property to its condition prior to the use (in excess of any routine cleaning and maintenance service the Town would ordinarily have performed irrespective of the use).

**2011-12-15 Draft**

In considering a mobile food vendor's application for a mobile food vendor license, the Board shall consider the public good and the general welfare and convenience of the community, and shall take into account factors such as the sort of operation proposed (including the proposed menu, days and hours of operation, and location), matters pertaining to cleanliness and proper sanitation, the qualifications of the applicant, whether the truck or cart is equipped with the necessary implements and facilities for cooking, preparing and furnishing the proposed menu to the public, any impact on the community with respect to matters such as noise, traffic, congestion, odors, sanitary and waste disposal facilities, parking, dust and fumes, the impact on the character of the neighborhood and the Town, and whether any articulable harm would follow from the granting of the license. Additionally, the Board shall consider whether a public benefit would flow from the proposed location and use, and the competitive or other impact on existing restaurants.

Prior to granting a mobile food vendor license, the Board shall seek advisory reports from the Police Department, Fire Department, Treasurer/Collector, Health Department, Building Department, Planning Department, and the Parks and Transportation Divisions, as appropriate, and shall hold a public hearing on the application.

No food vendor license or ice cream truck vendor permit shall be granted to operate within the public way within one thousand (1,000) feet of any school between the hours of 8:00 a.m. and 3:00 p.m. on days when the public schools are in session or within one thousand (1,000) feet of the Brookline Municipal Swimming Pool between the hours of 8:00 a.m. and 8:00 p.m.

The Board's issuance of a mobile food vendor license does not grant to or entitle the licensee the exclusive use of any service route or location, in whole or in part, other than the time and place specified in the license or permit for the term of the license or permit.

In no event shall any mobile food vendor conduct business within the Town except as permitted by the food vendor license or ice cream truck vendor permit.

3. Compliance with Applicable Laws, Regulations, and By-Laws/ Requests for Information and Inspections

All mobile food vendor licensees must comply with all applicable federal, state, and local laws, regulations, and by-laws, any conditions on a Town license or permit, and any applicable Town policies, procedures, standards and guidelines. All mobile food vendor licenses are issued subject to the licensee's compliance with this Section and these regulations. Licensees shall supply to the Board or its agent such information as the Board or its agent may require for purposes of the proper enforcement of these regulations. The Board or its agent, including the Police and other inspectional departments, may at any time inspect the premises to which the license applies to determine whether the licensee is in compliance with this Section.

4. Taxes and Charges

**2011-12-15 Draft**

All taxes and charges owed to the Town must be paid on a current basis. The Town may place a lien on the property of any person who has an outstanding balance due to the town from any fee, charge, or tax, which balance is at least six months due.

**5. Use of Town Property**

All mobile food vendors wishing to sell food from public property (including any public street, sidewalk, or park) must obtain permission to do so from the Town board, commission, agency, or department having jurisdiction over the public property.

**6. Renewals**

Applications for renewal shall be accompanied by a description of any general change in the mobile food vendor's operations, such as a change in hours or menu.

The Board reserves the right to add, remove, and reapportion available locations among mobile food vendors upon renewal of a license.

**7. Modifications / Suspensions / Revocations / Non-Renewals**

The Board may modify a mobile food vendor license, including an approved location, (i) at any time before the issuance of a mobile food vendor license, (ii) if after the issuance of such license, for cause, after reasonable notice to the licensee of the grounds for the proposed modification and the time and place of the hearing regarding such proposed modification, or (iii) by request of the licensee, subject to Board approval.

With respect to trucks or carts on public property, the Town reserves the right to temporarily move a truck or cart to a nearby location if there is a need by the Town to use the approved location for emergency purposes, snow removal, construction, or other public benefit.

The Board may suspend, revoke, or decline to renew a mobile food vendor license for cause, after reasonable notice to the licensee of the grounds for the proposed action and the time and place of the hearing regarding such proposed action.

**8. Transfers**

No mobile food vendor licensee may transfer a mobile food vendor license except upon application to and approval by the Board of the transfer.

No mobile food vendor licenses shall sell, lend, lease or in any manner transfer a license for value. Notwithstanding the foregoing sentence, a mobile food vendor licensee may, with approval by the Board, transfer a license as part of the sale of a majority of the stock in a corporation holding such license, as part of the sale of a majority of the membership interests of a limited liability company holding such license, or as part of the sale of a business or substantially all of its assets; provided that there shall be no allocated or actual value for the transfer of the license. Any such transfer shall be subject to the terms and conditions of the

**2011-12-15 Draft**

original license, unless otherwise stipulated by the Board.

9. Inactivity

No mobile food vendor licensee shall cease operations during the period covered by the license without notifying the Board in writing and obtaining its permission.

10. Rules of Operation

a. Licensees shall not cause unnecessary operation of the engine of a motor vehicle while the vehicle is stopped for a foreseeable period of time in excess of five minutes. This section shall not apply to vehicles engaged in an operation for which the engine power is necessary for an associate power need other than movement and substitute alternate power means cannot be made available provided that such operation does not cause or contribute to a condition of air pollution.

b. Licensees must conspicuously display their license on the windshield of the truck or on the cart from which food is sold.

c. No licensee may provide or allow any dining area, including but not limited to tables, chairs, booths, bar stools, benches, and standup counters, unless a proposal for such seating arrangements is submitted to the Board and the Board approves it. In the event that a mobile food vendor proposes to use Town property for seating, it must obtain all necessary approvals pursuant to Section 5 above. In addition, prior to granting permission to provide a dining area, the Board shall seek the advisory reports of the Planning Department, the Building Department, the Police Department, and the Department of Public Works.

d. No licensee may place any cooking, refrigeration, or other type of equipment or apparatus in areas outside of the truck or cart unless a proposal to do is submitted to the Board and the Board approves it.

e. Customers shall be provided with single service articles, such as plastic forks and paper plates.

f. Licensees shall offer a waste container for public use that the operator shall empty at his own expense. Licensees shall operate in a clean and sanitary manner and control waste and litter in a manner that complies with Article 8.8 of the Town of Brookline By-Laws and the regulations of the Brookline Health Department.

g. Licensees must service their truck or cart in a manner approved by the Brookline Health Department with respect to food, water and supplies for all cleaning and servicing operations (including the emptying and cleaning of waste containers). Licensees operating for more than four hours at a time must keep an accurate log indicating that the truck or cart is serviced in the manner approved by the Brookline Health Department.



**2011-12-15 Draft**

h. No licensee shall make or cause to be made any unreasonable or excessive noise. Licensees shall otherwise comply with the Town's Noise By-Law, Article 8.15 of the Town of Brookline's By-Laws.

i. Hawkers and peddlers selling ice cream from trucks must equip such trucks with a flashing amber dome light and front and rear warning lights, which the vendor shall flash alternately and which shall be kept flashing when such vehicle is stopped for the purpose of selling ice cream.

j. No truck or cart shall be stationed on the street overnight, or left unattended and unsecured at any time food is kept in it.

k. Temporary power needed for vehicles (gas-powered or other powered devices) must be approved by the Building, Fire and Health Departments.

l. All operators of a motor vehicle from which a licensee offers food or beverages for sale within the Town shall have a valid driver's license to drive such vehicle.

Report of the Audit Committee to the Board of Selectmen  
January 24, 2012

The Audit Committee is Chaired by Nancy Daly, Board of Selectmen. Greg Grobstein, Jim Littleton, and Christopher Cox serve as the Moderator's appointees, Alan Morse represents the School Committee, Lee Selwyn represents the Advisory Committee, and the ex officio members are Steve Cirillo, Finance Director, Judy Haupin, Comptroller, and Peter Rowe, Deputy Superintendent of Schools.

The Report on the Examination of the Town's Basic Financial Statements for the Fiscal Year 2011 which is also called the annual outside audit, was completed by our Auditors Powers & Sullivan in the late Summer and Fall of 2011. Powers & Sullivan is a firm of licensed certified public accountants based in Wakefield, MA, which does the audit work for many municipalities. Partners Richard Sullivan and Craig Peacock supervised the Audit. It complied with the Government Auditing Standards and included audits of the Town's financial statements concerning governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the the Town of Brookline for the fiscal year ended June 30, 2011.

The auditors look for any material misstatements in the basic financial statements prepared by the Town. In order to complete this, they test evidence supporting the amounts and disclosures in the basic financial statements. The auditors made the following statement: “In our opinion, the financial statements... present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookline as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America” (emphasis added).

The purpose for the audit is to provide a review for us internally to make sure that the Town's financial records and procedures to handle cash and expenditures are being done appropriately and to provide information for federal grants and for the bond rating agencies.

The Town had assets totaling \$288,205,173 for its governmental and business activities as of June 30, 2011 of which \$67,887,558 was in cash and cash equivalents (cash and cash equivalents are used for upcoming payroll and to pay bills on which the spending has already been committed, it may also include some funds that are designated to go into one of the Town's trust funds). At that same point, the Town had liabilities totaling \$118,688,049. The Town's net assets from governmental activities increased by \$14.8 million over the prior year due to the decrease in the liability relating to OPEBs (since the Town set up a dedicated Trust Fund for assets dedicated to Other Post Employment Benefits, it was able to use an assumed blended rate of return of 7.25% on its OPEB assets for actuarial purposes which significantly reduced the total unfunded liability); the landfill closure liability also decreased by \$1.1 million; there was a net gain on the disposal of capital assets of \$1.5 million; the Town received \$1.1 million from the MSBA

for the Runkle and Heath school projects; the town received about \$1 million of insurance damage money; the school's federal and state grants were approximately \$560,000; and the Town funded about \$7 million of the Capital Improvements Plan from current revenues.

Without rendering an opinion on the effectiveness of the Town's internal controls over financial reporting and noting that their consideration of our internal controls “would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, the auditor's noted that “we did not identify any deficiencies in internal control that we consider to be material weaknesses.” When asked, the auditors said that they consider the Town's internal controls to be appropriate and that they did not see any significant issues. They did not recommend any adjustments, nor did they disagree with management. An audit with no adjustments is considered very good. They again complimented the Town Finance Director Steve Cirillo and Comptroller Judy Haupin and their staff on their thoroughness and organization in preparation for the auditors, which allowed the process to proceed efficiently. As usual, the auditors paid particular attention to cash balances and our procedures in handling cash and they did not find any problems. However, they did note that the Police Department needs to continue to improve its collections on police details; that the School Committee should have student activity accounts audited once every three years; and that the School Department and the Comptroller's office should work together to develop procedures to ensure that only eligible amounts are recorded as grant receivables at fiscal year end.

The Town's financial reports are done in full compliance with the Government Accounting Standards Board's recommendations and while those recommendations have been geared toward making the statements easier for bonding agencies and other financial professionals to read, they have made the statements increasingly difficult for others to understand and interpret. The Audit Committee continued to suggest ways in which these statements might be made easier to comprehend but the committee recognizes the need to have our statements comply with the standardized reporting format.

The Audit Committee voted unanimously to accept the audit reports on December 2, 2011.



TOWN of BROOKLINE  
*Massachusetts*

Office of the Comptroller  
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Direct line (617) 730-2030 fax (617) 739-7555  
jhaupin@brooklinema.gov

to: Betsy DeWitt, Chair Selectmen  
Richard Benka  
Nancy Daly,  
Kenneth Goldstein  
Jesse Mermell

From: Judy Haupin

RE: Final Copies of Audit Report – FYE June 30, 2011

Enclosed you will find final bound copies of the 2011 General Purpose Financial Statements, Management Letter and Single Audit (of Federal grants) for your review. Powers and Sullivan and the Audit Committee will present these statements at the January 24<sup>th</sup> Selectmen's meeting, and I wanted to give you some time to review the statement prior to the meeting.

Please don't hesitate to contact me if you have any questions about anything appearing in the reports prior to our meeting.

Cc: M. Kleckner  
C. Cox  
G. Grobstein  
J. Littleton  
A. Morse  
L. Selwyn  
S. Cirillo  
S. Cronin  
P. Rowe

***TOWN OF BROOKLINE, MASSACHUSETTS***

***MANAGEMENT LETTER***

***JUNE 30, 2011***

**Powers & Sullivan, LLC**

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To the Honorable Board of Selectmen  
Town of Brookline, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookline, Massachusetts as of and for the fiscal year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The Town's written response to the matters identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management of the Town of Brookline, Massachusetts, and is not intended to be and should not be used by anyone other than these specified parties.

*Powers & Sullivan LLC*

December 16, 2011

TOWN OF BROOKLINE, MASSACHUSETTSMANAGEMENT LETTERJUNE 30, 2011

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***Prior Year Comments – Resolved***



## **7. - 8**

The following comments were resolved during the current fiscal year. Please see the June 30, 2010 Management Letter for the complete original comments.

**CAPITAL ASSET ACCOUNTING AND REPORTING**

**OTHER POSTEMPLOYMENT BENEFITS – ACTUARIAL VALUATION**

**GENERAL LEDGER MAINTENANCE**

**GOLF ENTERPRISE FUND – RAIN CHECK ACCOUNTING**

***Prior Year Comments - Unresolved***

**CHAPTER 90 HIGHWAY FUND**Prior Year Comment

In previous management letters we had documented the way the Town accounted for and reconciled its Chapter 90 allotment in both the general fund and special revenue fund. In summary, we noted that the methodology used by the Town had resulted in a deficit balance in the special revenue fund. Subsequent actions have resulted in a surplus balance in the fund. We recommended that the Comptroller's Office and the Engineer's Office reconcile the Chapter 90 Funds fund to identify the validity of the surplus and implement reconciliations on a quarterly basis.

Status – The Comptroller's Office has been monitoring the activity of the Chapter 90 fund, however no formal reconciliation of the fund has taken place. We have noted that the surplus has remained consistent for the past few fiscal years.

Continuing Recommendation

We continue to recommend that formal reconciliation procedures be performed on at least a quarterly basis and that management determines the nature of the unreconciled balance. We also recommend that management take the appropriate course of action to eliminate the surplus and assure proper accounting for Chapter 90 projects.

Management Response

We have made a one-time journal entry to bring the Town's balance in line with the State's and will continue to monitor the program's activity with the Town Engineering department. The Engineering Department has committed to request reimbursements in a timelier manner and to work with the Comptroller's Office on the reconciliation.

**FRAUD RISK ASSESSMENT**Prior Year Comment

The opportunity to commit and conceal fraud exists where there are assets susceptible to misappropriation and inadequate controls to prevent or detect the fraud. To address this risk, we recommended that the Town perform a risk assessment to identify, analyze, and manage the risk of asset misappropriation. Risk assessment, including fraud risk assessment, is one element of internal control. Thus, ideally, the Town's internal control should include performance of this assessment, even though our annual financial statement audits include consideration of fraud.

We noted that the fraud risk assessment can be informal and performed by a management-level individual who has extensive knowledge of the Town that might be used in the assessment. Ordinarily, the management-level individual would conduct interviews or lead group discussions with personnel who have extensive knowledge of the Town, its environment, and its processes. The fraud risk assessment process should consider the Town's vulnerability to misappropriation of assets.

Status – The Town's fraud risk policy is being presented to the Board of Selectmen and the School Committee during FY12 for acceptance. The Town is currently in the process of rolling out the fraud risk questionnaire to select departments as a trial and hopes to work with all other Town departments by the end of fiscal year 2012.

Continuing Recommendation

We recommend that management continue to implement their fraud risk assessment program to identify, analyze, and manage the risk of asset misappropriation within all Town departments.

Management Response

The revised policy is in the process of being reviewed by the Town's Human Resources Board. Once approved, it will go to the School Committee and Selectmen for adoption. In anticipation of the acceptance of the policy, we have issued the Fraud Risk Assessment questionnaire to the DPW and received their responses. We are in the process of reviewing these and will then interview the DPW departmental staff to document their department's flow and potential risks.

**BENEFIT WITHHOLDING ACCOUNTS**

Prior Year Comment

In previous management letters, we observed that the balances in the Town's benefit withholding liability accounts had not been reconciled to a detailed listing of expected payments due in subsequent periods.

We also noted that some withholding accounts have large debit balances that appear to have to be offset with other large credit balances. These accounts should be reconciled and adjusted accordingly.

Inaccurate benefit withholding balances could result in an increase or decrease in the Town's free cash.

Status - We noted that monthly reconciliations did not take place for withholding accounts during fiscal year 2011. We also noted that the many of the new withholding accounts established since the Town entered the Group Insurance Commission have not been reconciled and are reporting a debit balance as of June 30, 2011.

Continuing Recommendation

We continue to recommend that the Human Resource Offices implement procedures to reconcile the liability account balances on a monthly basis with the Comptrollers Office. We also recommend that new accounts related to the Group Insurance Commission be reconciled and a determination be made if there is a procedural issue with the new accounts. These accounts should either be zero or have a credit balance at any given time which would equal amounts withheld but not yet paid out.

Management Response

1. Reconciliations will be done on the GIC accounts and changes will be made where necessary. Some areas of concern are:
  - a. Changes in enrollments with retirees under the MTRS System. It is hard to make adjustments/refunds for this group when we are notified of enrollment changes after the fact.
  - b. There are some employees on a leave of absence who are paying 100% and when the invoice was paid, their premium share was included with the rest of the employees on a 78/22 premium split.
  - c. Some miscoding of cash receipts has already been identified and is in the process of being fixed.

2. For FY12, the accounts will be reconciled each quarter. People who pay directly for their benefits sometimes make payments late or in advance which makes it hard to reconcile monthly.

The Human Resources Office will continue to work with Comptroller's Office to develop a more efficient and workable process.

## **TITLE I GRANT MANAGMENT**

### Prior Year Comment

In previous management letters, we noted that payroll expenditures for non-approved personnel were posted to the Title I grant. These were corrected prior to the end of the year, however, if left uncorrected would be a violation of the grant agreement. Waiting until year end to review these accounts increases the likelihood of errors and increases the chance of inaccurate reporting and violating grant agreements.

We had also noted that the Title 1 Final Financial Report (FFR) did not reconcile to the Town's general ledger.

Status – In the current year only approved teachers were charged to the Title 1 grant fund. However, we noted that the Final Financial Report for grant year 2010 does not reconcile to the general ledger. There are approximately \$20,000 of additional expenditures reported in the Final Financial Report than is reported in the ledger at June 30, 2011.

### Continuing Recommendation

We continue to recommend that procedures be implemented to reconcile Title 1 expenditures each time a request is submitted and a complete reconciliation of the fund take place prior to submitting the FFR.

### Management Response

The School Department's Administration and Finance unit will require that all grant FFRs be in agreement with the general Ledger prior to obtaining signature for submission.

## **SCHOLARSHIP ACCOUNTS**

### Prior Year Comment

The Town has several Private Purpose educational scholarships recorded on the general ledger. Annually the Town accrues expenditures for the total amounts awarded, as determined by the scholarship committee, and accrues the expenditures from prior years.

We recommended that the Town implement procedures to reconcile the general ledger to the detail maintained by the scholarship committee.

Status - As of June 30, 2011, the Town and the School Department are working on cleaning up the scholarship balances. As of September, 2011, the balances have been reconciled and ongoing reconciliation procedures have been implemented.

Continuing Recommendation

We continue to recommend that the Town implement procedures to reconcile the general ledger to the detail maintained by the scholarship committee.

Management Response

The School Department and the Comptroller's Office have implemented procedures to assist in maintaining the reconciliation between the Scholarship Committee's records and the General Ledger.

***Current Year Comments***

**POLICE DETAIL RECEIVABLES**Current Year Comment

We noted that reconciliation procedures have been in place between the Comptroller's Office and the Police Department during fiscal year 2011. However, through review of the detailed listing of outstanding receivables we noted that the total balance is approximately \$523,000 as of June 30, 2011. In reviewing the makeup of the total amount outstanding, we observed that the amount greater than 120 days old is approximately \$188,000 and another \$98,000 is between 30 and 90 days old. This total of \$286,000 represents 55% of the total outstanding receivables. Of the \$286,000 in old outstanding receivables we noted that the Police Department has had favorable court judgments on approximately \$37,000. This leaves a balance of \$249,000 that represents old outstanding balances in which the Police Department has no guarantee that payment will be received.

We also noted that many vendors who have outstanding balances in one of the categories noted above are still receiving current police details.

Recommendation

We recommend that the Police Department implement a policy to that would allow for timely collections of police detail receivables and the policy should address under what circumstance a vendor should be allowed to continue to receive ongoing details when they have an old outstanding balance.

Management Response

We have taken the following steps:

1. Reviewed our outstanding accounts in order to identify problems.
2. Have contacted the major utilities who account for a large part of our outstanding debts in order to facilitate payment.
3. Have met with Town of Brookline personnel who oversee some of the accounts that are outstanding.
4. Began a review of our collection policy.

Going forward, it is our intent to clear as much of the outstanding payments as possible. Furthermore, we want to speed up our collections, as well. As we have done in the past, for those outstanding accounts that are not responsive to our outreach, court action will be initiated. Furthermore, with the exception of the major utility companies, we will contact Town personnel who are responsible for issuing permits to inform them of delinquent accounts and ask that no work permits be issued for those companies until payments are brought up to date. In addition to this, the Police Department will identify these companies and inform them they will not be provided a Police Detail for future work if their accounts are not brought up to date.

We are also initiating the following:

1. Identify persons who are responsible for certain tasks within the Police Department concerning collections and hold those persons accountable.
2. Increase inter-division accountability and communication.
3. Assign problem vendors to specific Police Department personnel for follow up.



4. All vendors will undergo a monthly review of their accounts and payment history.
5. Seek out "Points of Contact" within the major utility companies for us to deal with.
6. Seek quicker clearance of Detail Bills through DPW office.
7. Institute "No Pay No Work" rule after 90 days outstanding payments.
8. Institute an internal compliance/review meeting to review the Detail account. This meeting will be held the first Wednesday of each month.

We will make other adjustments in our Collection System as we go forward. Our goal will be to increase our current collection rate of 67% within 90 days.

### AUDIT OF STUDENT ACTIVITY FUNDS

#### Current Year Comment

The Massachusetts Association of School Business Officials (MASBO) published a student activity accounts manual, in May of 2007, to assist school districts with the operation and management of student activity accounts under the provisions of Massachusetts General Law (MGL), Chapter 71, Section 47, as amended by Chapter 66 of the Acts of 1996. To comply with the MGL, the MASBO recommends, among other matters, that annual audits of the student activity funds be performed. The audit may be an internal audit conducted by the school business administrator, if so approved by the School Committee. However, at least one time every three years, the audit should be performed by an independent audit firm.

#### Recommendation

We recommend that the Town implement policies and procedures to comply with the MASBO and MGL CH71 recommendations.

#### Management Response

The School Department has requested that any School Department personnel be removed by the bank for the authority to transfer funds from the "savings" account to the "expenditure" account within each Student Activity Account.

### FEDERAL GRANT RECEIVABLES

#### Current Year Comment

The Town annually receives several Federal grant awards. These primarily operate on a reimbursement basis. Grant expenditures are recorded throughout the grant year and requests for reimbursement are filed periodically. At fiscal year end, a receivable should be recorded for the amounts that have been expended but not yet received in the fiscal year.

We noted that the School Department records receivables for the reimbursable grants related to the total grant awards less amounts received. This has the effect of overstating the grant fund balances by recording a receivable for amounts not yet earned. Although the Town reverses these receivables in the subsequent period, various grants are reporting fund balance surpluses at fiscal year end. Due to the reimbursement process, reimbursable grants should either have zero fund balance or a deficit with a corresponding reimbursement receivable. This could indicate a situation where funds should have been remitted back to the awarding agency.

Recommendation

We recommend that the School Department and the Comptroller's Office develop procedures to assure that only eligible amounts are recorded as grant receivables at fiscal year end. We also recommend that all grant funds be reconciled between the general ledger and the School Department and a determination be made of the nature of any remaining fund balance surpluses.

Management Response

The School Department and the Comptroller's Office have agreed to procedures to reconcile eligible receivables for Federal Grants.

***Informational Comments***

## GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB) STATEMENT #54

Prior Year Comment

In February 2009, the GASB issued Statement #54, *Fund Balance Reporting and Government Fund Type Definitions*, which is required to be implemented in fiscal year 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements.

The definitions of the general fund, special revenue fund types, capital projects fund types, and permanent fund types are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

Status

The Town made the required changes to their basic financial statements and is in compliance with GASB Statement #54.

***TOWN OF BROOKLINE, MASSACHUSETTS***

***REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS***

***FISCAL YEAR ENDED JUNE 30, 2011***

TOWN OF BROOKLINE, MASSACHUSETTSREPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTSJUNE 30, 2011**TABLE OF CONTENTS**

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# TOWN of BROOKLINE

## *Massachusetts*

### BOARD OF SELECTMEN

BETSY DEWITT, Chairman  
NANCY A. DALY  
JESSE MERMELL  
RICHARD W. BENKA  
KENNETH M. GOLDSTEIN

MELVIN A. KLECKNER  
Town Administrator

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### *Letter of Transmittal*

September 30, 2011

To the Honorable Members of the Board of Selectmen and Citizens of the Town of Brookline:

State and Federal regulations require the Town of Brookline to publish at the end of each fiscal year a complete set of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) of the United States of America that are audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Report on the Examination of the Basic Financial Statements of the Town of Brookline, Massachusetts, for the fiscal year ending June 30, 2011 for your review.

This report consists of management's representations concerning the finances of the Town of Brookline. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Brookline has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Brookline's financial statements in conformity with GAAP. As the cost of internal controls should not outweigh their benefits, the Town of Brookline's comprehensive framework of internal controls has been designed to provide reasonable assurance in accordance with best practices that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Brookline's financial statements have been audited by Powers & Sullivan LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town of Brookline for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Brookline's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Brookline was part of a broader, federally mandated "Single Audit" designed to meet the particular needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Brookline's separately issued Reports on Federal Award Programs, also known as the Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Brookline's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The Town of Brookline was founded in 1630 and incorporated in 1705. It is located in Norfolk County and borders on Boston to the east, north and south, and Newton to the west. It is approximately 6.8 square miles in area and, according to the 2010 federal census, has a population of 58,732 persons.

### **Municipal Services**

The Town provides general governmental services within its boundaries including:

- public education in grades pre-kindergarten through 12 to more than 6,000 students
- police and fire protection, including building inspection and animal control services
- highway and roadway maintenance, including snow and ice control and traffic control
- street and sidewalk maintenance
- water and sewer services
- refuse collection and recycling services
- parks and recreational services, including a golf course and a swimming pool
- library services
- senior citizen services and programs, including a senior center facility
- public health services, including food outlet inspections, immunizations, and mental health
- veterans services and youth and human services

### **Governing Bodies and Officers**

The Town operates under a Board of Selectmen/Town Meeting form of government. Local legislative decisions are made by a representative Town Meeting consisting of 248 members and implemented by a five-member Board of Selectmen. A Town Moderator is elected every three years to preside over the proceedings of Town Meeting. Day-to-day administrative authority is vested in the Town Administrator, who is appointed by the Board of Selectmen. The Town Administrator is the chief operating officer and is responsible for the supervision and the administration of all departments except for the School Department, Library, and Town Clerk's Office. The Superintendent of Schools is the chief operating officer for the Brookline Public Schools and is responsible for the supervision and administration of all School operations.

A nine person elected school committee is responsible for policy for all local school affairs. There is also a nine member elected Board of Library Trustees. A three person Board of Assessors, who are appointed by the Board of Selectmen, are responsible for the assessment of local property taxes. A five member Retirement Board services employees and retirees in all departments, except professional employees of the School Department who are covered by the Massachusetts Teachers Retirement System, for retirement matters, and consists of an ex-officio member, two members elected by active and retired members of the Retirement System, one member appointed by the Selectmen and a fifth member chosen by the other four Board members. A seven member Retiree Health Committee is responsible for the investment of Other Postemployment Benefits (OPEB's) assets. The Committee is made up of the Retirement Board plus two additional members appointed by the Board of Selectmen.

### **Audit Committee**

The Audit Committee consists of six members with appointment not restricted to the ranks of appointing bodies. The Board of Selectmen, the Advisory Committee and the School Committee each appoint one member and the Town Moderator appoints three members. Current voting members include Nancy Daly (selectmen appointee and chair), Lee Selwyn (Advisory Committee), Alan Morse (School Committee), James Littleton, Gregory Grobstein and Christopher Cox (Moderator's Appointees). In addition to the six voting members, the Director of Finance



(Stephen Cirillo), the Comptroller (Judith Haupin), the Superintendent of Schools or his/her designee (Peter Rowe), and the Town Administrator or his/her designee (Sean Cronin) serve as nonvoting members of the Committee. The Audit Committee serves as advisor to the Board of Selectmen with respect to the Town's financial condition, financial management systems, and controls and annual audit. In addition, the Committee shall report to Town Meeting as the Committee sees fit on matters within the scope of Town Meeting's concerns. Specific duties shall include, but are not limited to the following:

"make recommendations to the Board of Selectmen on the selection of and scope of services for an independent auditor; review the annual financial statements and reports prepared by the independent auditor and make recommendations with respect thereto; make recommendations for areas of operations where expanded scope audits or reviews of the internal controls may be appropriate; review and make recommendations with respect to the Town's financial management practices and controls; report to the annual Town Meeting on the recommendations the Committee has made during the preceding twelve months".

### **Financial and Management Systems**

The Town annually prepares and updates a five-year Financial Forecast, a six-year Capital Improvement Program (CIP), and an annual Operating Budget. These documents are presented in the Annual Financial Plan, which is produced by the Town Administrator's Office in conjunction with the Finance Department, and reviewed by the Board of Selectmen and Advisory (Finance) Committee. Both the first year of the CIP and the Operating Budget are submitted to Town Meeting for adoption. The Board of Selectmen have formally adopted financial policies that guide the preparation of the Annual Financial Plan.

The five-year Forecast, submitted in December of each year, is a comprehensive review of economic trends on a local, regional and national basis. It analyzes major municipal fund expenditure projections based upon service program assumptions and develops revenue estimates based on economic conditions and prior trends. The forecast presents surplus/deficit projections based on various scenarios of key revenue sources (e.g., State Aid) and expenditure categories (e.g., health insurance, collective bargaining). These scenarios guide both the Board of Selectmen and Town Administrator in the preparation of the ensuing fiscal year's budget.

The six-year CIP, preliminarily submitted in November/December of each year, comprehensively identifies municipal infrastructure and improvement needs by detailing each project, including cost, potential source(s) of funding, priority need, impact on the operating budget, and ongoing capital maintenance costs. Guided by the Town's formal policy of dedicating 6% of the prior year's net revenue, plus free cash to the extent possible to reach a level of 7.5%, to the CIP, the annual update allows decision makers and voters the opportunity to regularly analyze and decide upon priority project funding. After inclusion in the Town Administrator's financial plan, the proposed CIP is reviewed by both the Planning Board and the Advisory Committee. Then, as part of the budget article at the Annual Town Meeting, projects contained in the first year of the CIP are recommended for funding.

The annual Operating Budget, submitted in February of each year as part of the Annual Financial Plan, follows a program management format that details source and use recommendations for all funds; details departmental missions, goals, objectives and annual work plans; and details performance measurement and financial management criteria for each budget cycle. The financial plan has again been recognized by the GFOA for excellence in budget presentation. The budget maintains consistency with the Selectmen's financial management standards and policies. The budget funding sources include the General Fund, comprised of revenues including property tax, auto, meals, and hotel taxes, user fee receipts, State Aid, investment income and miscellaneous program income; enterprise funds for the water and sewer operations and the golf course; and the Recreation Revolving Fund. These latter funds are intended to be self-supporting through user-based charges.

**Principal Executive Officers**

<u>Office</u>	<u>Name</u>	<u>Term</u>	<u>Term Exp.</u>
Town Administrator	Melvin A. Kleckner	Appointed - 3 years	2013
Superintendent of Schools	William Lupini	Appointed - 3 years	2012
Deputy Town Administrator	Sean Cronin	Appointed - 1 year	2012
Assistant Town Administrator	Melissa Goff	Appointed - 1 year	2012
Finance Director and Treasurer	Stephen Cirillo	Appointed - 1 year	2012
Town Comptroller	Judith Haupin	Appointed - 1 year	2012
Town Clerk	Patrick J. Ward	Elected - 3 years	2012
Town Counsel	Jennifer Dopazo	Appointed - 3 years	2014

**Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Brookline operates.

**Tax Base/Local Economy**

Brookline is bordered by the City of Boston. It has both urban and suburban features and is characterized by comparatively high property values. Approximately 78% of general fund revenues are financed by the annual tax on property. The remaining revenues come from locally derived receipts (approximately 10%), State Aid (approximately 6%), transfers from other non-general funds (approximately 3%) and Free Cash (approximately 3%).

Residential properties comprise 90.8% of the full and fair value of the property in Brookline and they are responsible for 84% of the taxes. The Town has been adopting the tax classification authorization that permits it to set two separate tax rates. The current tax rates are:

Residential	\$ 11.30 per thousand
Commercial	\$ 18.30 per thousand

A combination of significant new development and a healthy real estate market has contributed to a steadily growing tax base. The tax base (current market valuation of \$14.9 billion) has increased more than 89% over the past decade, reflecting strong development and real estate appreciation. The Town's tax base is now the fifth largest in Massachusetts. Building permit activity continues at a strong pace, having averaged more than \$2.5 million annually over the last five years. Per capita housing market value of approximately \$250,000 is also among the highest in the state, as is the per capita personal income level, which is \$44,327 according to the 2010 census.

## The Annual Financial Plan

A number of cost centers have placed significant pressures on the operating budget, including health insurance, pensions, utilities, special education, and school enrollment. These cost pressures have made maintaining the level and quality of services the Town delivers difficult. Double-digit growth in health insurance premiums were the norm for much of the period from 2004 - 2010, consuming approximately one-third of all new property tax revenue during that time. This line item increased from \$12 million in FY 2003 to \$24 million in FY 2010. Over the past few years, the Town has taken steps to help blunt growth in this cost center. In FY2008, plan design changes were implemented that resulted in an annualized decrease of more than \$1 million in the health insurance budget. Effective July 1, 2010 (FY2011), the Town and its unions agreed to enter into the Group Insurance Commission (GIC), the state agency that provides life, health, disability and dental and vision services to more than 300,000 state employees, retirees and their dependents. This action enabled the Town to reduce its group health budget from what was expected to be \$25.8 million to \$20.2 million, a savings of \$5.6 million. It also reduced premium withholdings for employees.

Healthcare insurance is provided during the working life of employees, and in their retirement. The annual cost of group healthcare insurance referred to in the preceding paragraph represents the premiums paid for a particular year for both working and retired employees and eligible dependents. The accompanying basic financial statements, prepared in accordance with GAAP, reflect additions, costs, liabilities and disclosures related to the healthcare obligation the Town has to its working and retired employees and their dependents, and will have to its working employees in their retirement years. Financial accounting and disclosure for healthcare provided to employees in retirement is established by GAAP for Other Post-Employment Benefits, and is referred to herein by terms including OPEB, post-employment, and post-retirement. The Town has developed an OPEB funding plan that results in the Town reaching its Annual Required Contribution (ARC) in approximately five years and being fully funded in approximately twenty-two years.

Increases in the Town's contribution to the Retirement System have averaged approximately \$840,000 over the past five years, including the large increases in FY2008 (\$1.1 million) and FY2010 (\$1.6 million). As a result of the world-wide economic down-turn, government retirement systems experienced significant investment losses in calendar year 2008. Knowing that these losses would require the Town to dramatically increase the FY2012 appropriation, the Town took steps to offset the anticipated budget impact by ramping up to the higher appropriation over a three-year period, beginning in FY 2010. In both FY2010 and FY2011, the Town earmarked new revenue from local option taxes, which were made possible by an act of the State Legislature, for the pension system. The impact of this was to increase the FY2010 appropriation by just under \$1 million and the FY2011 appropriation by \$1.2 million, leaving an increase of FY2012 of approximately \$650,000. If this approach was not taken, the increase from FY2011 to FY2012 would have been \$1.8 million. The success of this strategy was illustrated in the approved calendar year 2010 Actuary funding schedule, which included a FY2012 appropriation with an average increase from the prior fiscal year, a reduction in the estimated rate of return from 8.25% to 8.15%, and a full funding date of 2028, well ahead of the 2040 maximum full funding date mandated by state law.

Utility expenses have skyrocketed since FY2003: the price of electricity has increased 106%; natural gas has increased by 143%; the price of heating oil is 317% higher; and the price of vehicle fuel is 201% higher. As a result, the Town's total utility budget has doubled since FY2003 to \$5.5 million. As part of an effort to reduce the consumption of energy, the Town, through its CIP, funding from the American Recovery and Reinvestment Act (ARRA), and programs with local utilities, has invested in energy efficiency programs and technologies. Savings from these investments have begun to be realized, most notably in Town Hall, where consumption has been cut in half. The Town has also taken advantage of recent drops in the electricity and natural gas markets by locking in at reduced rates for the next few fiscal years.

Special education (SPED) and enrollment growth continue to place stress on the School budget. SPED has been growing by approximately \$700,000 per year and now consumes approximately 25% of the School budget. Enrollment in the elementary schools has resulted in cost pressures not only in the School's operating budget, but also on the CIP, as numerous school facility projects are being planned for (see the CIP section under "Long-term Financial Planning" below). Over the past seven years, total K-8 enrollment has grown 925 (24%) and, based upon available birth data and other demographic trends, this growth pattern is expected to continue for at least

the next five years. This will result in total enrollment growth of approximately 1,200 students (31%) during the nine year (FY05-FY14) period. In 2005, the K-8 elementary schools operated with 3,888 students in 196 homerooms. In FY2012, they will operate with 4,813 students in 230 homerooms. In FY2014, the schools estimate a need for 241 homerooms for the projected enrollment of 5,100 students. This is an increase of 45 homerooms between 2005 and 2014. In order to create the classroom space necessary to accommodate this enrollment level, the Schools have had to convert spaces intended for other purposes into regular classrooms. On the operating budget side, with new classrooms comes the need for new teachers. Obviously, this has put pressure on the School budget.

On the revenue side, while property taxes comprise approximately three-quarters of the Town's General Fund revenue, there are two other revenue streams that impact the budget significantly: State Aid and Local Receipts. In FY2003 and FY2004, local aid was cut by close to \$3 million. In FY10, it was cut \$3.1 million and then by another \$700,000 in FY2011 and \$413,000 in FY12. Since FY03, state aid has realized a cut of 29%, even before accounting for inflation. The current fiscal climate at the State and Federal levels points to a potential decrease in state aid in FY2013, so there is likely to be a significant negative impact on the Town's ability to provide services.

Local Receipts, which consist of sources such as motor vehicle excise, refuse fees, building permits, interest income, parking tickets and meals and hotel/motel excise taxes, make up approximately 10% of the Town's annual revenue. Over the past half decade, the Town has increased certain local receipts in order to replace revenue lost from State Aid cuts, thereby increasing reliance on local revenues to cover the increasing cost of providing services. Examples include increases in the refuse fee, fines for parking violations, and parking meter fees. The Town continues to review all current and potential sources of revenue. Along with many other communities in Massachusetts, Brookline adopted two local options designed to raise local revenues. The first was the adoption of a 0.75% meals excise tax. The second was an amendment to the Local Room Occupancy tax, increasing the local option excise tax from 4% to 6%. Both these local options became effective on October 1, 2009, and the Town began receiving distributions from the Commonwealth in December, 2009.

### **Long-term Financial Planning**

The Town continues to manage its financial affairs in a prudent manner. Throughout all of the changes in the economy, increases in expenses and decreased State Aid, the Town has maintained its Aaa bond rating. It has done so by incorporating long-range planning tools such as the five-year Forecast and the six-year CIP; establishing rainy day accounts and budgeting stabilization reserves; prioritizing spending plans and identifying discretionary spending; developing long-term planning for all liabilities including pension and other post-retirement benefits (OPEBs); investing in technology to make operations more efficient; and growing the tax base in a manner that balances neighborhood concerns with the need for additional revenues.

Brookline has also enhanced its revenue flexibility by utilizing enterprise funds for certain operations. This allows the Town to charge 100% percent of the operating cost and capital improvements to the users of certain services so that no tax support goes toward providing these services. This includes the water, sewer and municipal golf course operations. By doing so, the Town is able to provide the maximum tax dollars available to all other services.

Through the CIP process, the Town of Brookline has identified approximately \$158.7 million in capital improvements needed over the next six years. Large components of this total include the following:

- Anticipated school projects (\$100.8 million). It is important to note that the two renovation/addition projects planned for (Heath School and Devotion School) assume the Massachusetts School Building Authority (MSBA) covers between 35% and 40% of the costs. In March, 2011, the Town was notified that the MSBA approved funding equivalent to 40% of eligible expenses for the Heath School, meaning \$3.3 million of the \$8.5 million project will be paid for by the State. Funding was approved at the May, 2011 Annual Town Meeting for the Town's share of the project. The Town should be cautioned, however, that with the combination of a slowdown in the economy (which will reduce MSBA revenue) and a need for school construction in economically challenged communities, it is not certain that the Town will be as

## 7. - 28

fortunate with the Devotion School. If that were to occur, then either the project needs to be reduced or a debt exclusion override will be required.

- ✦ Upgrade and maintenance of our waste water system (\$5.0 million), which will be borne by the water and sewer rates rather than the tax levy.
- ✦ Rehabilitation of the Town's streets and sidewalks (\$17.1 million). The 2008 Override included additional funding for streets and sidewalks, proof of the Town's and taxpayers' commitment to maintaining its infrastructure. State funding via the Chapter 90 program is expected to fund \$5.7 million of this work.
- ✦ The purchase of the former state-owned Fisher Hill reservoir for transformation into an active / passive open space (\$4.6 million, of which just \$1.35 million is supported by the tax base).
- ✦ The Village Square project in the Brookline Village / Route 9 area (\$4.5 million). The Town plans on utilizing the Section 108 Loan Program afforded by the Federal government under the CDBG program to finance \$2.25 million. The remaining amount is to be funded by a grant through the State Transportation Improvement Program (STIP) and outside sources related to the 2 Brookline Place redevelopment.
- ✦ The closure of the rear landfill (\$4.6 million).
- ✦ Upgrades and rehabilitation of various parks/playgrounds/open spaces (\$11.7 million).
- ✦ Fire station renovations and fire apparatus (\$4.8 million).

The Town is proud to have accomplished the successful closing and capping of the Town's landfills. This multiyear project presented significant challenges, which when accomplished have provided valuable benefits to the Town's residents, including the development of a new recreational field. In FY04, Town Meeting approved \$7.89 million for capping the front landfill and transforming it into a full-sized recreational field and playground. Unfortunately, part of the project including implementing state-mandated assessment and corrective actions related to the removal of historically deposited ash-laden soils that were required on properties surrounding the landfill. In FY04 and FY05, a total of \$3 million was approved to undertake all actions required on certain properties along Newton St., Nelson Drive, and Hammond Pond Parkway. Between FY07 and FY10, a total of \$9.25 million was approved for similar actions on properties along the other side of the landfill (Martha's Lane, Kensington Circle, and Arlington Road). Of this amount, \$1 million was funded via a grant from the State's Environmental Bond Bill. All of these actions ensured on-going compliance with Department of Environmental Protection's (DEP) Solid Waste Management regulations, 310 CMR 19.000, and Massachusetts Contingency Plan, 310 CMR 40.000, for properties along Martha's Lane, Kensington Circle, and Arlington Road. In addition, the Town and the effected residents agreed on a settlement that totaled \$5 million. We are also pleased to report that all of the \$3.275 million bond authorization related to the landfill project was rescinded at the 2011 Annual Town Meeting since the remediation projects along Martha's Lane, Kensington Circle, and Arlington Road came in well under-budget.

As detailed above, enrollment in the pre-K to eighth grade elementary schools has increased significantly, placing pressure on both operating and capital budgets. There will be 45 more homerooms and 1,200 more students in 2014 than in 2005. In order to create additional classroom space, the Town, through its CIP, has appropriated funds for the following projects, all of which increase the number of classrooms in the elementary schools:

- Runkle School Renovation / Addition (\$29.1 million, of which approximately 40% will be paid for by the State)
- Heath School Addition (\$8.5 million, of which approximately 40% will be paid for by the State)
- Classroom Capacity (\$1.3 million)

Even with this significant investment, census data shows that there is no abatement in the large enrollment levels. Exacerbating the issue is the fact that these larger grades will soon be making their way into the High School, which does not currently have the space to house what could be 2,400 students. Therefore, long-range planning must continue and the CIP may very well have to be adjusted in order to accommodate the financial outlay required to deal with this most pressing issue.

### **Other Post-Employment Benefits**

The Town of Brookline is legally and contractually obligated to pay for the retiree health cost of past, present and future Town / School retirees who have worked a minimum of 10 years for the Town. There is no requirement that the employee has to be working for the Town at the time of retirement in order to receive this benefit. The calendar year 2010 Biennial Actuary Analysis estimated the present value of this obligation to be \$323 million (at a discount rate of 5.5%). At June 30, 2011, the Town has a balance of \$10.8 million of assets in a fiduciary-managed trust fund that is designed to be the source of funding to satisfy the obligation. GAAP requires that the unfunded liability be recognized in the basic financial statements. Beyond the trust fund, the Statement of Net Assets at June 30, 2011 includes a liability of \$34.7 million for a portion of the unfunded post-employment benefits; none of the Town's assets as of that date are dedicated to the satisfaction of that liability. The recognized amount of the liability will continue to grow, and be reduced as assets are contributed to the trust fund. Future funding of the retiree healthcare obligation represents the Town's largest financial challenge.

The Town established an Other Post-Employment Benefits (OPEB) Taskforce to address this challenge. It made several recommendations to the Board of Selectmen, which, if implemented, could reduce the OPEB liability. In addition, the Committee made several recommendations regarding the development of a long-term funding strategy over a 30 year period.

The Town has adopted some of the funding recommendations, including an annual and escalating appropriation in the Financial Plan, which would generate \$116.5 million over a thirty year period. The current strategy increases the annual funding commitment each year until, in approximately FY 2018 of the plan, the Town reaches the annual funding requirement (ARC). In the remaining years, annual contributions will exceed the ARC, so that the Town would reach full funding by approximately FY 2034.

In addition, the Town has begun allocating retiree healthcare costs to all enterprise, revolving, grant, and special funds of the Town and School Departments. It is anticipated that this policy could generate an additional \$28.95 million of funding for the OPEB liability. This plan could result in increased fees charged to the users. In the area of cost containment, the Town and Unions reached an agreement to enter the State's Government Insurance Commission (GIC) to provide medical insurance coverage for current working and retired employees and their eligible dependents.

As a result of these decisions, the unfunded OPEB liability has been reduced from \$323.2 million to \$207.9 million. As of fiscal 2011, the fiduciary-managed trust fund for retiree health care benefits is classified as a fiduciary fund, and is no longer included in the government-wide financial statements. It now appears a separate column in the fiduciary fund statements.

### **Cash management policies and practices**

The Town of Brookline issues property tax bills four times a year and derives approximately 78% of its annual revenue from this source. These quarterly billings result in a reasonably steady cash flow throughout the year. Every effort is made to put any reserve funds to work. This has become more challenging of late due to continuing changes in the rate of return for most traditional investment vehicles. Nevertheless, the Town's investment policy remains conservative with particular attention to the constraints of safety and liquidity while attempting to secure the highest yield available with those constraints.

On a daily basis, the Treasurer automatically transfers excess funds out of all depository accounts into a sweep account (repurchase agreement) with the same depository bank. Frequently, depending on the level of receipts, money is transferred into the Town account that offers the highest yield.

Finally, a significant portion of the Town's non-expendable trust funds are currently managed by professional and nationally recognized investment management firms. Each of these funds has a distinct purpose and, therefore, the mix of holdings in cash, fixed income securities, and equities will vary by fund. The amount of annual income desired and the timing of disbursements generally govern the mix.

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The cash and investment commitments at June 30, 2011 for the funds maintained by the Town's Treasurer are as follows:

General Fund - Unencumbered	\$	21,199,234
General Fund - Encumbered		968,972
Reserved for :		
Special Revenue (Grant) Funds		10,759,527
Bond Financed Capital Projects		8,907,625
Revenue Financed Capital Projects		10,012,438
Enterprise Funds		5,650,868
Trust and Agency Funds		32,839,210
	\$	<u>90,337,873</u>

Of the \$90.3 million in total cash and investments, more than \$69.1 million is committed to General Fund contracts, Bond and Revenue Funded Capital Projects, Enterprise operations, Trust and Agency Funds and Grant funded projects, leaving approximately \$21.2 million unencumbered and not reserved for within .

### Risk Management

The Town of Brookline manages its risk through a combination of self-insured programs and premium based coverage with commercial insurance carriers. Workers' compensation, unemployment and municipal building activities are self-insured while exposures to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters are covered through policies purchased from commercial carriers. Various control techniques, including employee accident prevention training, have been performed to minimize accident-related losses.

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. Third-party coverage is maintained for individual workers' compensation claims in excess of \$800,000. In addition, the Town administers an insurance reserve fund to help offset the annual cost of its risk management program. Additional information on the Town of Brookline's risk management activity can be found in the notes to the financial statements.

### Initiatives

Due to the above referenced and other cost pressures and strains on revenues, projected annual budget deficits have become the norm. In order to balance the budgets, the Town has continued to drive efficiencies and find other ways to continue to deliver a high level of service at lower costs. Over the past few budget cycles, the Town has taken steps toward reducing both immediate and long-term costs, including the following:

- 5% reduction in Town FTE's since FY06 (exclusive of school positions)
- Further utilization of contracted services
- Move to the Group Insurance Commission (GIC) (see above)
- Implementation of plan design changes in the Town's health insurance program (see above)
- Re-organization of various departments/divisions
- Civilianization of certain functions in the police and fire departments
- Further utilization of technology to drive efficiencies
- Investment in energy efficiency projects

### Update of Financial Policies

When preparing the Fiscal Year 2012 Financial Plan, the Town Administrator determined that certain budget conditions required actions that were inconsistent with the current fiscal policies of the Town. Most notably, the Town's certified Free Cash balance experienced a one-time increase as a result of the conversion from private insurance premiums to the GIC. At the same time, the Town was experiencing a gradual erosion of its year-end Unreserved Fund Balance (UFB), leading to formal concerns expressed by Moody's Investors Service, the independent rating agency that grades the Town's credit when issuing tax-free municipal bonds. The then-current policies of the Town dictated the allocation of all Free Cash balances, regardless of the impact on the Town's year-end UFB. As a result, the Town Administrator recommended that \$1.7 million of Free Cash remain unexpended in FY2012, thus ensuring that the Town's year-end UFB would remain above the 10% of General Fund revenue benchmark identified by Moody's as representative of prudent financial management.

In January, 2012, the Town Administrator recommended to the Board of Selectmen that they reconvene the Fiscal Policy Review Committee (FPRC) to review, affirm and revise as necessary the existing financial policies of the Town. The Committee was also charged with reviewing the need for a new policy regarding Unreserved Fund Balance in order to preserve the Town's Aaa Bond rating. The Committee concluded that all of the Town's fiscal policies were interrelated and that a review of one would necessitate review of all. In addition, the Committee acknowledged that some issues had changed since its last review including, but not limited to, the increasing importance of addressing unfunded liabilities such as Other Post-Employment Benefits, or OPEB's. Finally, there were other issues raised during the Advisory Committee's review of the FY2012 budget that related to the Town's fiscal policies, including the formula for allocating Free Cash to support the Affordable Housing Trust Fund.

The Committee made a number of recommendations that resulted in the Town having a formal UFB Policy -- something the Town lacked -- that does not reduce the level of commitment to the CIP or to other important reserves. This was accomplished by creating a new Free Cash Policy that better prioritizes the needs of the Town. The recommendations made by the Committee and ultimately adopted by the Board of Selectmen provide important changes to the policies to make them more responsive and relevant to changing circumstances. Most importantly, the recommendations concerning the maintenance of adequate fund balance levels are critical to provide the Town with financial flexibility and to retain the premier bond rating of Aaa.

### Water/Sewer Rate Structure

During the rate setting process for the FY2010 water/sewer rates, the Board of Selectmen directed the Department of Public Works (DPW) to examine the rate structure. As a result, the Town undertook an exhaustive review of its water/sewer rate structure with the assistance of Weston and Sampson Engineers. At the core of the analysis was the issue of revenue volatility. With the on-going reduction in water consumption, revenue deficits were generated in the enterprise fund, and those deficits must be raised in the following fiscal year's rates.

In June, 2011 the Board of Selectmen adopted a revamped rate structure that moved the Town from a flat rate structure, which had been utilized for decades, to an increasing block rate structure with a base service charge and a fire service fee for certain properties. The revamped rate structure accomplished a number of goals:

- minimize revenue volatility
- equitable cost distribution among customers
- comply with DEP and regulatory standards
- charge Town and School departments for their use

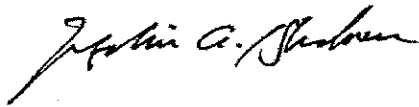
The impact this new rate structure has on various types of property and residents will be analyzed during the fiscal year. If the data shows that the new rate structure caused unforeseen financial hardships, the Selectmen could alter the rate structure for FY13.



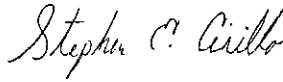
**Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Town Administrator's Office and the Finance Department. We would like to express our appreciation to all the members of the department who assisted and contributed to the preparation of this report. Credit should also be given to the Board of Selectmen for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Brookline's finances.

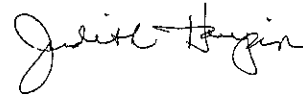
Respectfully submitted,



Melvin A. Kleckner  
Town Administrator

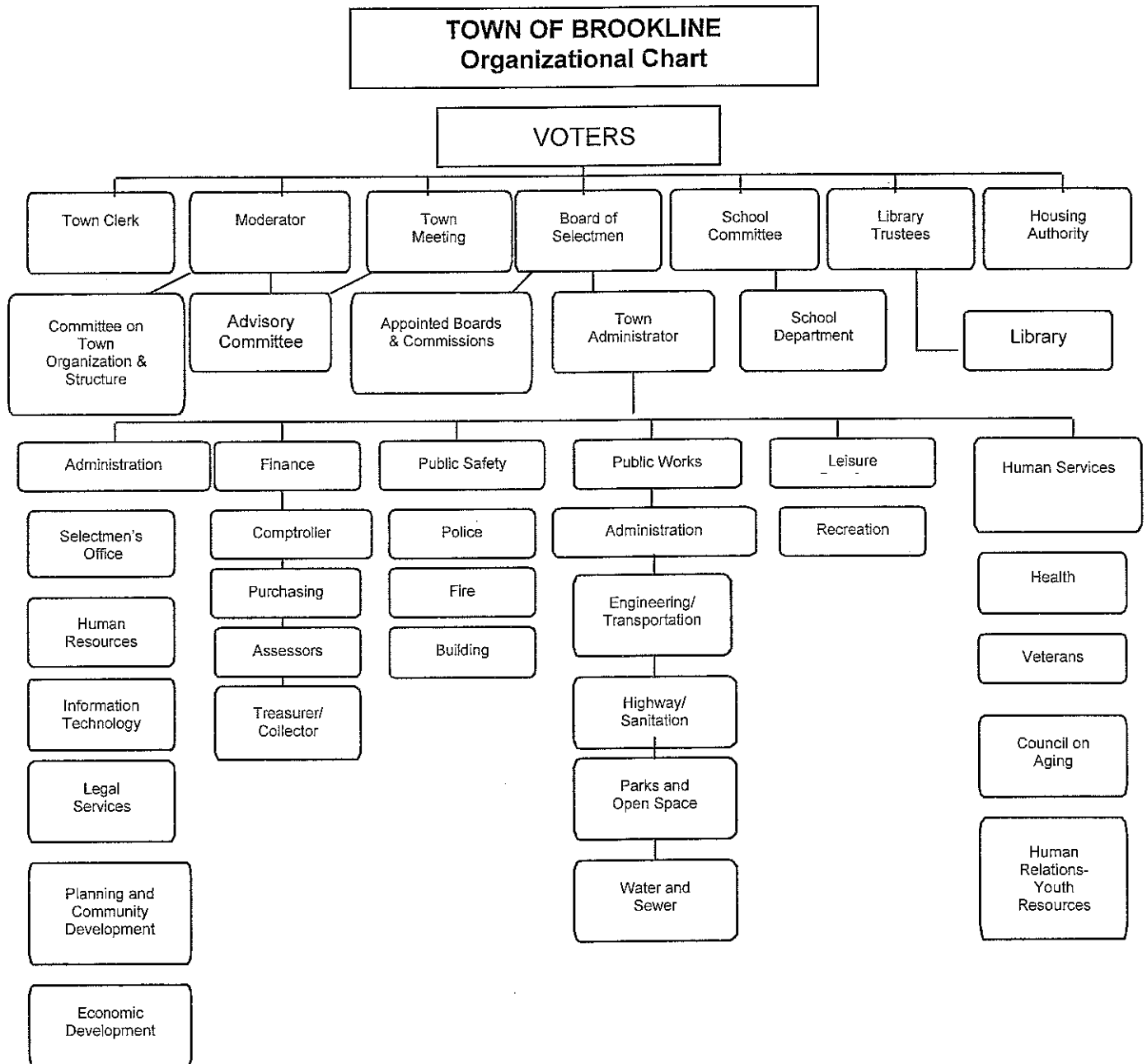


Stephen Cirillo  
Finance Director



Judith A. Haupin  
Town Comptroller

## Organizational Charts



BOARDS/COMMISSIONS APPOINTED  
BY THE BOARD OF SELECTMEN

Planning/ Development	Administration and Finance	Public Works	Cultural/ Leisure Services	Human Services
Board of Appeals	Board of Assessors	Conservation Commission	Broadband Monitoring Committee	Advisory Council on Public Health
Board of Examiners	Human Resources Board	Solid Waste Advisory Committee	Brookline Access Television	Commission for the Disabled
Building Commission	Registrars of Voters	Transportation Board	Celebrations Committee	Commission for Women
Economic Development Advisory Board	Retirement Board	Tree Planting Committee	Brookline Commission for the Arts	Council on Aging
Housing Advisory Board	Information Technology Advisory Committee	Trustees of Walnut Hills Cemetery	Park and Recreation Commission	Holocaust Memorial Committee
Planning Board				Human Relations Youth Resources
Preservation Commission				

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**Independent Auditors' Report**

To the Honorable Board of Selectmen  
Town of Brookline, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookline, Massachusetts, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town of Brookline, Massachusetts' management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookline, Massachusetts, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2011 on our consideration of the Town of Brookline, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis, located on the following pages, and the schedule of revenues, expenditures and changes in fund balance - general fund - budget and actual, other postemployment benefit plan-schedule of funding progress and employer contributions, and other postemployment benefit plan-actuarial methods and assumptions located after the notes to the basic financial statements, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The letter of transmittal and organizational charts have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Powers & Sullivan LLC*

December 16, 2011

## ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the Town of Brookline, Massachusetts, we offer readers of the Town of Brookline's financial statements this narrative overview and analysis of the financial activities of the Town of Brookline for the fiscal year ended June 30, 2011. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

The Governmental Accounting Standards Board (GASB) is the authoritative standards setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. The Town of Brookline has received an unqualified opinion on its financial statements since the fiscal year ended June 30, 1995.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Brookline's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, community and economic development, leisure services, and interest. The business-type activities include water, sewer and golf activities.

The government-wide financial statements include not only the Town of Brookline itself (known as the *primary government*), but also a legally separate public employee retirement system for which the Town of Brookline is financially accountable. Financial information for this *component unit* is reported separately within the fiduciary fund statements.



**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Fiscal year 2011 was the Town's initial year of implementation of GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the Town's stabilization fund is reported within the general fund as unassigned.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Brookline adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** The Town maintains two types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer and golf activities.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for Other Post Employment Benefits (OPEBs), workers' compensation benefits, unemployment and municipal building insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the progress in funding its obligation to provide postemployment benefits to its employees.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As shown below, governmental assets exceeded liabilities by \$169.5 million at the close of fiscal year 2011.

For the governmental activities, net assets of \$145.2 million reflect the Town's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. \$30.5 million represents resources that are subject to external restrictions on expenditures. The Town has \$27.3 million of unrestricted net assets without considering the recorded liability for a portion of the post employment healthcare obligation. That liability (\$33.4 million) is long-term in nature, and will not be funded from the \$27.3 million of unrestricted net assets at June 30, 2011 (see the discussion of Other Post Employment Benefits in the Transmittal Letter section of this report).

At this point it is important to note that in accordance with the requirements of Massachusetts finance laws and regulations, all of the unrestricted net assets are required to be reserved for designated purposes except for approximately \$7.1 million, which is the amount classified as "available funds" (also known as "free cash") by the Massachusetts Department of Revenue's Division of Local Services. The remaining unrestricted net assets are either already committed for expenditure or required to be retained for other purposes.

### Governmental Activities Net Assets

At the end of the current fiscal year, the Town is able to report positive balances in two out of three categories of net assets. The Town's assets exceeded liabilities by \$169.5 million at the close of fiscal year 2011.

	FY 2011	FY 2010	FY 2009
	Governmental	Governmental	Governmental
	Activities	Activities	Activities
<b>Assets:</b>			
Current:			
Cash and cash equivalents.....	\$ 67,887,558	\$ 62,792,008	\$ 65,868,113
Investments.....	5,361,725	11,048,635	9,250,406
Receivables, net of allowance for uncollectibles.....	16,697,618	12,588,030	14,475,980
Other current assets.....	585,500	529,691	2,816,212
Noncurrent assets (excluding capital).....	4,411,000	5,404,000	22,490,000
Capital assets.....	193,261,772	190,228,444	191,449,243
<b>Total assets.....</b>	<b>288,205,173</b>	<b>282,590,808</b>	<b>306,349,954</b>
<b>Liabilities:</b>			
Current (excluding debt):			
Warrants payable.....	3,071,158	3,262,614	2,830,241
Tax refunds payable.....	2,129,000	2,370,000	1,153,000
Compensated absences.....	5,905,415	5,736,797	5,554,883
Other current liabilities.....	4,029,748	4,192,953	5,338,050
Noncurrent (excluding debt):			
Landfill closure.....	4,505,000	5,207,000	12,030,000
Compensated absences.....	3,687,093	3,694,576	3,603,745
Postretirement benefits.....	33,427,338	36,158,149	25,308,331
Other noncurrent liabilities.....	737,250	702,000	183,000
Current debt.....	7,796,238	7,105,400	8,311,177
Noncurrent debt.....	53,399,809	51,546,047	74,307,046
<b>Total liabilities.....</b>	<b>118,688,049</b>	<b>119,975,536</b>	<b>138,617,473</b>
<b>Net Assets:</b>			
Capital assets net of related debt.....	145,193,503	138,378,461	133,933,484
Restricted.....	30,469,132	29,607,081	33,545,176
Unrestricted.....	(6,145,511)	(5,926,270)	253,821
<b>Total net assets.....</b>	<b>\$ 169,517,124</b>	<b>\$ 162,059,272</b>	<b>\$ 167,732,481</b>

Net assets from the Town's governmental activities increased by \$14.8 million during fiscal year 2011. Key elements of the change are as follows:

	<u>FY 2011</u> <u>Governmental</u> <u>Activities</u>	<u>FY 2010</u> <u>Governmental</u> <u>Activities</u>	<u>FY 2009</u> <u>Governmental</u> <u>Activities</u>
<b>Program revenues:</b>			
Charges for services.....	\$ 24,670,955	\$ 23,499,200	\$ 23,089,294
Operating grants and contributions.....	37,593,378	35,836,959	35,714,779
Capital grants and contributions.....	1,082,836	2,981,790	-
<b>General Revenues:</b>			
Real estate and personal property taxes.....	156,404,746	151,463,056	147,735,896
Motor vehicle and other excise taxes.....	5,227,536	4,760,227	5,112,074
Nonrestricted grants and contributions.....	5,544,701	5,828,099	7,874,410
Unrestricted investment income.....	1,380,045	1,910,814	555,446
Gain/(loss) on sale of capital assets.....	1,500,417	(19,317)	(210,848)
Other revenues.....	3,808,658	3,179,778	2,719,047
<b>Total revenues.....</b>	<b>237,213,272</b>	<b>229,440,606</b>	<b>222,590,098</b>
<b>Expenses:</b>			
General Government.....	19,600,852	21,087,675	20,138,908
Public Safety.....	47,579,531	51,016,383	47,394,571
Education.....	120,484,530	123,451,076	122,207,617
Public Works.....	19,656,664	22,816,763	21,759,827
Community and Economic Development.....	1,717,158	2,056,011	1,611,922
Human Services.....	4,253,740	4,718,964	3,723,388
Leisure Services.....	8,694,233	9,227,021	8,625,277
Interest.....	2,223,231	2,715,031	4,017,530
<b>Total expenses.....</b>	<b>224,209,939</b>	<b>237,088,924</b>	<b>229,479,040</b>
<b>Transfers In/(Out).....</b>	<b>1,809,342</b>	<b>1,975,109</b>	<b>1,993,691</b>
<b>Change in net assets.....</b>	<b>\$ 14,812,675</b>	<b>\$ (5,673,209)</b>	<b>\$ (4,895,251)</b>

The increase in net assets is due to several factors.

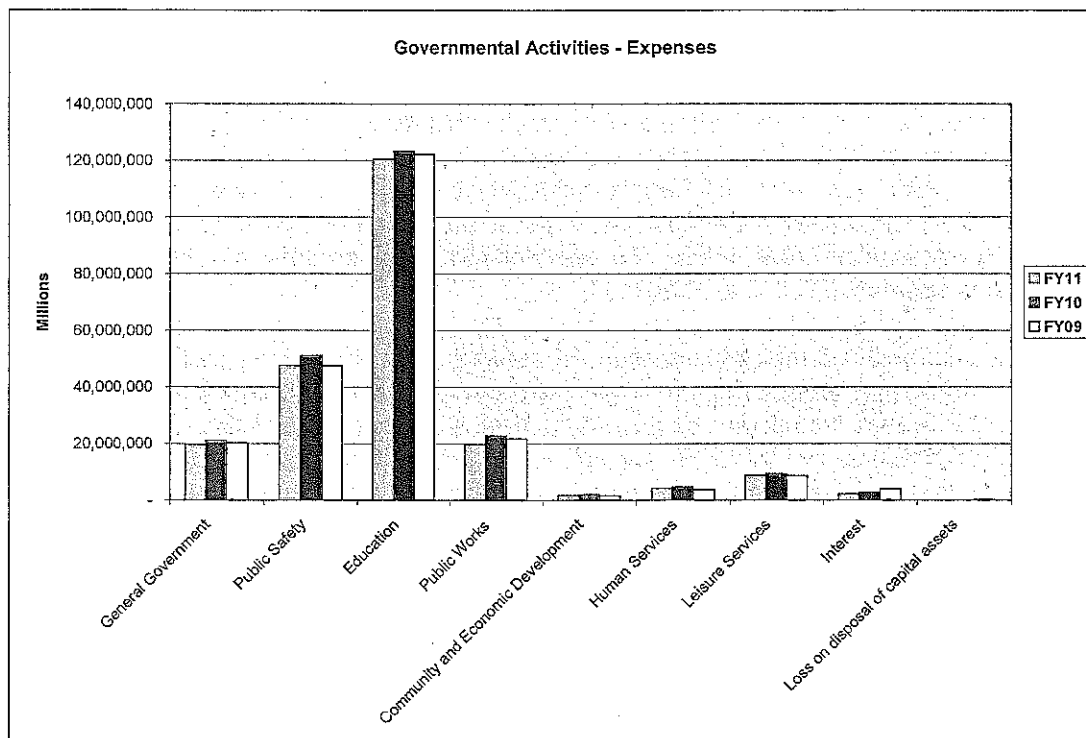
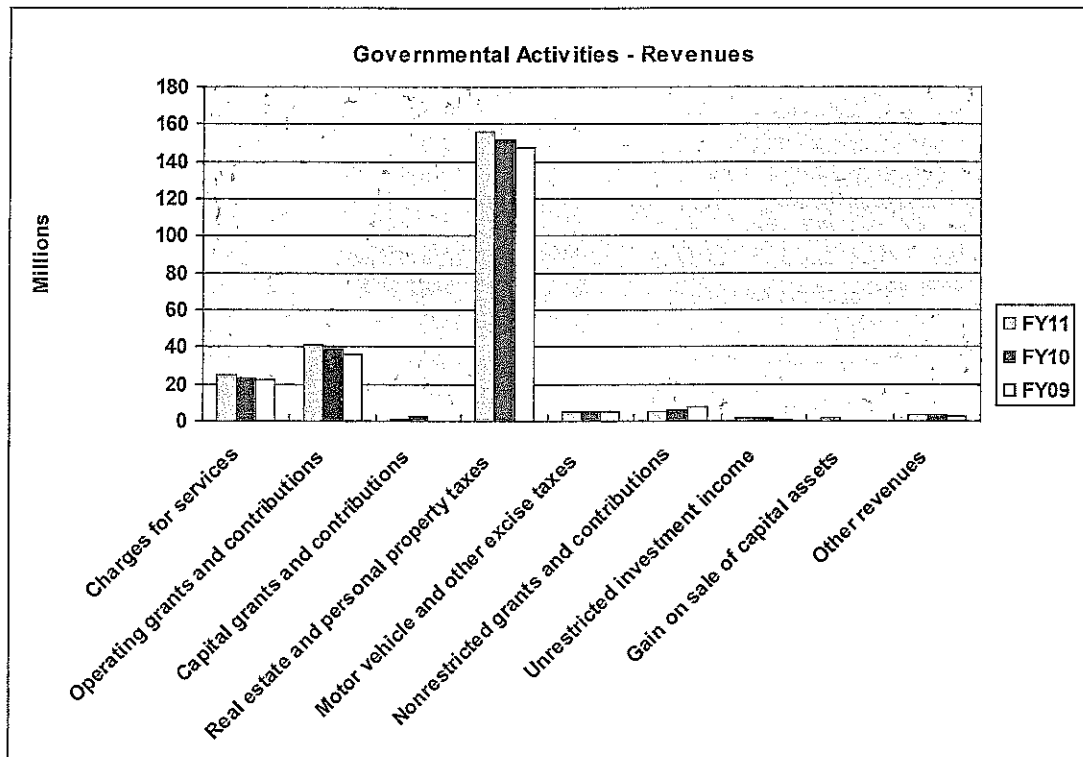
The first is the decrease in the liability relating to GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This requires the recognition of other postemployment benefits (OPEB) cost over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and to what extent progress is being made in funding the plan. In fiscal 2011 the Town's actuarial valuation decreased by \$2.7 million. This was due to the establishment of the OPEB Trust, which allowed the actuarial valuation to use a higher rate of return, and the Town joining the GIC, which lowered the annual cost of health care. This decrease contrasts with the prior year increase in the OPEB accrual of \$10.9 million. This combined \$13.6 million change is the primary reason why total expenses decreased from FY2010 to FY2011.

Other factors impacting the \$14.8 million increase in net assets include are that the landfill closure liability decreased by \$1.1 million to a balance of \$4.6 million, the recognition of an entitlement receivable of \$2.3 million related to the CDBG Program, the net gain on disposal of capital assets of \$1.5 million, a \$1.1 million capital grant related to the MSBA Reimbursement of the Runkle and Heath School construction projects, the receipt of approximately \$1.0 million of insurance damage recovery, an increase in school federal and state grants of approximately \$560 thousand, and the Town's ability to fund approximately \$7 million of capital additions from current revenues.

These increases were offset by the fact that depreciation exceeded principal payments on long-term debt by approximately \$2.5 million.

The governmental expenses totaled \$224.2 million of which \$63.3 million (28.3%) was directly supported by program revenues consisting of charges for services, operating grants and contributions and capital grants. General revenues totaled \$173.9 million, primarily coming from property taxes, motor vehicle and other excise, and non-restricted state aid.

The following tables show the functional sources and uses of Fiscal 2011 revenues and expenses.



### ***Financial Analysis of the Government's Funds***

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$65.9 million, of which \$23.5 million is for the general fund, \$2 thousand is for the Chapter 90 Highway major fund, \$9.8 million is for the capital articles fund, and \$32.6 million is for the nonmajor funds.

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance was \$22.6 million, while total fund balance was \$23.5 million. Reservation of fund balance for Encumbrances and Continuing Appropriations totaled \$969 thousand and there was \$5.3 million designated as amounts voted to be used in fiscal year 2012. Unassigned, undesignated fund balance represents 11% of total general fund expenditures, while total fund balance represents 11% of total general fund expenditures.

Fund balance of the General Fund increased by \$203 thousand during fiscal year 2011. This is primarily due to the budgetary deficit of (\$322) thousand being offset by; 1) by a (\$241) thousand reduction in the liability for appellate tax board cases, 2) an increase of \$171 thousand for the Massachusetts School Building Authority receivable, and 3) the inclusion of \$105 thousand of stabilization fund activity in the general fund as a result of the implementation of GASB Statement #54.

The Capital Article Fund is used to account for various revenue financed capital projects. At the end of the current fiscal year the fund has a fund balance of \$9.8 million.

The Chapter 90 Highway fund is used to account for financial resources for the construction, reconstruction, and improvements to roadways, streets, and sidewalks. At the end of the current fiscal year the fund has a fund balance of \$2 thousand.

### ***General Fund Budgetary Highlights***

There was approximately a \$191 thousand increase between the original and final budget. This change primarily represented appropriation increases in public safety, education, public works, offset by decreases in general government and employee benefits. The Town has elected to carryforward encumbrances and appropriations totaling \$968 thousand.

**Business-type Activities.** Key elements of the business-type activities are as follows:

	<u>FY 2011</u> <u>Water &amp; Sewer</u> <u>Activities</u>	<u>FY 2010</u> <u>Water &amp; Sewer</u> <u>Activities</u>	<u>FY 2009</u> <u>Water &amp; Sewer</u> <u>Activities</u>
<b>Assets:</b>			
Current:			
Cash and short-term investments.....	\$ 5,666,909	\$ 2,658,965	\$ 928,684
Receivables, net of allowance for uncollectibles..	4,959,144	5,000,105	5,447,808
Other current assets.....	15,217	13,943	2,066
Capital assets.....	41,291,585	35,857,042	36,158,216
<b>Total assets.....</b>	<b>51,932,855</b>	<b>43,530,055</b>	<b>42,536,774</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt).....	2,028,958	400,701	423,114
Noncurrent liabilities (excluding debt).....	1,343,243	1,442,236	1,038,480
Current debt.....	2,078,761	2,192,101	1,941,323
Noncurrent debt.....	11,600,191	12,678,951	12,540,452
<b>Total liabilities.....</b>	<b>17,051,153</b>	<b>16,713,989</b>	<b>15,943,369</b>
<b>Net Assets:</b>			
Capital assets net of related debt.....	27,612,633	20,985,990	21,676,441
Unrestricted.....	7,269,069	5,830,076	4,916,964
<b>Total net assets.....</b>	<b>34,881,702</b>	<b>26,816,066</b>	<b>26,593,405</b>
<b>Program revenues:</b>			
Charges for services.....	24,190,848	22,545,102	21,754,052
Operating grants and contributions.....	34,620	-	-
Capital grants and contributions.....	3,937,252	-	-
<b>General Revenues:</b>			
Unrestricted investment income.....	2,789	-	-
Gain/(loss) on disposal of capital assets.....	(133,145)	(12,394)	(22,577)
<b>Total revenues.....</b>	<b>28,032,364</b>	<b>22,532,708</b>	<b>21,731,475</b>
<b>Expenses:</b>			
Water and sewer.....	22,039,432	20,505,232	20,673,186
<b>Transfers In/(Out).....</b>	<b>(1,643,181)</b>	<b>(1,804,815)</b>	<b>(1,830,405)</b>
<b>Change in net assets.....</b>	<b>\$ 4,349,751</b>	<b>\$ 222,661</b>	<b>\$ (772,116)</b>

The water and sewer enterprise net assets increased by \$4.3 million during the current fiscal year. This was primarily attributable to the receipt of a capital grant of \$3.9 million from the Massachusetts Water Resource Authority and an approximately \$102 thousand decrease in the liability relating to GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

	<i><b>FY 2011 Golf Course Activities</b></i>	<i><b>FY 2010 Golf Course Activities</b></i>	<i><b>FY 2009 Golf Course Activities</b></i>
<b>Assets:</b>			
Current:			
Cash and short-term investments.....	\$ 508,608	\$ 239,401	\$ 261,510
Other current assets.....	7,192	16,689	30
Capital assets.....	1,999,332	2,145,528	2,172,013
<b>Total assets.....</b>	<b>2,515,132</b>	<b>2,401,618</b>	<b>2,433,553</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt).....	340,274	392,815	431,413
Noncurrent liabilities (excluding debt).....	50,287	57,226	44,023
Current debt.....	145,000	155,000	140,000
Noncurrent debt.....	935,000	705,000	735,000
<b>Total liabilities.....</b>	<b>1,470,561</b>	<b>1,310,041</b>	<b>1,350,436</b>
<b>Net Assets:</b>			
Capital assets net of related debt.....	919,332	1,285,528	1,297,013
Unrestricted.....	125,239	(193,951)	(213,896)
<b>Total net assets.....</b>	<b>1,044,571</b>	<b>1,091,577</b>	<b>1,083,117</b>
<b>Program revenues:</b>			
Charges for services.....	1,122,854	1,129,605	1,176,267
<b>General Revenues:</b>			
Unrestricted investment income.....	516	3,369	9,902
Gain/loss on disposal of capital assets.....	(107,742)	-	-
<b>Total revenues.....</b>	<b>1,015,628</b>	<b>1,132,974</b>	<b>1,186,169</b>
<b>Expenses:</b>			
Golf.....	896,473	954,220	997,585
<b>Total expenses.....</b>	<b>896,473</b>	<b>954,220</b>	<b>997,585</b>
<b>Transfers In/(Out).....</b>	<b>(166,161)</b>	<b>(170,294)</b>	<b>(163,286)</b>
<b>Change in net assets.....</b>	<b>\$ (47,006)</b>	<b>\$ 8,460</b>	<b>\$ 25,298</b>

The golf enterprise net assets decreased by (\$47) thousand during the current fiscal year. The decrease is primarily due to the loss of (\$108) thousand on disposal of capital assets. Excluding this loss, the Golf Enterprise net assets increased by approximately \$61 thousand which matched the primary objective of the fund where rates are designed to cover the cost of operations.

### ***Capital Planning and Budgeting***

Capital planning and budgeting is a critical undertaking for any government and is central to the delivery of essential services and the quality of life for residents. In fact, without a sound plan for long-term investment in infrastructure and equipment, the ability of local government to accomplish its goals is greatly hampered. In 1994, as part of the override discussion that year, the Board of Selectmen implemented a Financial Improvement Program. A key area addressed in the Program was capital planning and, since then, the Town has made a significant commitment to its Capital Improvement Program (CIP) to address the backlog of capital needs created by the under-investment in infrastructure during the late-1970's and the 1980's. Over the past decade (FY02 - FY11), the Town has authorized expenditures of more than \$180 million, for an average of \$18 million per year. Although there continues to be more to do in the areas of street and sidewalk repairs, parks/open space improvements, and school and town facilities upgrades, the commitment to capital improvements is showing positive results.

Each year's CIP takes into account a projected six-year view. The FY11 – FY16 CIP continued the Town's aggressive approach toward maintaining and improving the Town's physical assets. Developed within the parameters of the Board of Selectmen's CIP Policies, the CIP incorporated a number of major projects along with a financing plan that includes outside funding sources and grant opportunities. Part of the Town Administrator's plan to balance the FY10 budget was to reduce the 5.5% funding level to 5% for FY10, freeing-up \$917,000 for the Operating Budget. Those funds were used to reduce the level of cuts in the Operating Budget. This CIP follows the plan discussed to phase back-up to 5.5%, reaching 5.25% in FY11 and 5.5% in FY12. It is critical to return to the 5.5% level, as the amount of projected debt service in the out-years requires that level of funding for projects such as the Devotion School and Classroom Capacity.

In addition to the 5.5% financing, Free Cash, CDBG, and state/federal grants are the other key components of the overall financing strategy of the CIP. The Town's certified Free Cash for the fiscal year ending June 30, 2009 was \$4.6 million, providing the CIP with \$3.7 million of additional pay-as-you-go capacity for FY11. For the out-years of the CIP, \$3.75 million is estimated for Free Cash, which yields approximately \$3 million per year for the CIP. CDBG funds add \$2.25 million over the six-year CIP, a level of funding that reflects the Town's plans to utilize the CDBG Section 108 Loan Program. This program allows the Town to take a loan for the Village Square Project and pay it back with future CDBG funds. The "Other" funds category totals \$4.2 million, the largest piece being an expected \$3.25 million from the sale of the Town-owned Fisher Hill Reservoir that will be used to fund the construction of an active and passive recreation site on the State-owned land across the street.

State/Federal grants are a critical component of the CIP, totaling \$27.3 million over the six-year period. Of this amount, \$22.5 million represents the potential State share of the Devotion School Renovation Project. This CIP assumes 40% funding by the Massachusetts School Building Authority (MSBA) for the Devotion School project; the Town must wait at least a couple of years to see if MSBA funding will be awarded. If the MSBA does not approve funding for the Devotion School, then the total project will be \$33.8 million, not a \$56.3 million project, unless additional funding was made available through a Debt Exclusion vote.

There were a number of challenges presented during the development of the CIP that made balancing it difficult, including space needs for the schools, additional funding for Town Hall/Main Library Garages, and increased Runkle costs, which placed pressure on each of the out-years of the CIP. This required the deferral of numerous projects. The issue of classroom space in the elementary schools is one of the most pressing matters for the Town, and this CIP addresses it more comprehensively than in the past. The \$5 million programmed for FY12 follows the \$400,000 approved in both FY08 and FY10 for carving out additional classrooms in various schools and the \$29.1 million approved in FY10 for the renovation of and addition to the Runkle School.



The core of any CIP should be the maintenance / repair of and improvement to a community's infrastructure, and that is the case with this Proposed CIP. Governmental jurisdictions across the country continue to struggle with the issue of funding infrastructure needs, especially in these economic and budgetary times. Fortunately, Brookline's CIP policies (dedicated CIP funding) and taxpayer support (debt exclusions for Schools and an Override that included infrastructure needs) have allowed the community to fund these needs far more adequately than would otherwise be the case.

The following schedule reflects the CIP expenditure activity for fiscal 2011, together with outstanding encumbrances and available budget balances, for both Debt and Revenue Funded Capital Projects.

	All Capital Improvement Projects			Revenue Financed Projects			Debt Financed Projects		
	Expended in Fiscal 2011	Encumbrances	Available Budget	Expended in Fiscal 2011	Encumbrances	Available Budget	Expended in Fiscal 2011	Encumbrances	Available Budget
<b>General Government Capital Projects</b>									
General Government Projects	38,933	9,716	8,040	38,933	9,716	8,040	-	-	-
Planning Projects	137,811	37,520	0	137,811	37,520	-	-	-	-
Technology Projects	262,649	80,671	11,330	262,649	80,671	11,330	-	-	-
<b>Building &amp; Public Safety Projects</b>									
General Town Building Projects	1,110,049	1,182,659	2,002,629	633,906	995,265	548,380	476,142	167,393	1,464,150
Public Safety Building & Equipment Projects	175,659	0	26,527	175,659	-	26,527	-	-	-
Library Building Projects	261,769	6,850	29,368	261,769	6,850	29,368	-	-	-
DPW Building Projects	-	-	40,000	-	-	40,000	-	-	-
School Building Projects	4,814,136	19,011,206	6,377,959	779,993	168,730	567,863	3,734,143	18,842,476	6,790,096
<b>DPW Projects</b>									
Landfill Related Projects	468,350	140,678	4,134,946	461,582	140,678	813,157	6,768	-	3,321,789
Highway-Traffic Related Projects	3,011,069	871,401	4,647,134	3,011,069	871,401	3,247,134	-	-	1,400,000
Park Related Projects	2,027,682	636,239	3,246,307	1,212,879	216,239	1,686,110	814,863	420,000	1,360,197
<b>Recreation-Library Projects</b>									
Library Projects	172,032	1,600	96,151	172,032	1,600	96,151	-	-	-
<b>DPW Enterprise Related Projects</b>									
	383,139	199,653	4,872,316	113,669	-	30,763	269,470	199,653	4,841,553
<b>Golf Enterprise Projects</b>									
	54,118	4,584	1,282,307	-	-	-	54,118	4,584	1,282,307
<b>GRAND TOTAL</b>	<b>12,597,296</b>	<b>22,181,779</b>	<b>26,774,914</b>	<b>7,241,851</b>	<b>2,627,671</b>	<b>7,324,823</b>	<b>5,355,445</b>	<b>19,654,107</b>	<b>19,460,091</b>

### Capital Asset and Debt Administration

**Capital Assets.** The Town of Brookline's investment in capital assets for its governmental and business type activities as of June 30, 2011 amount to \$231.5 million (net of depreciation). This investment in capital assets includes land, buildings, improvements to land and buildings, machinery and equipment, vehicles, roads, sidewalks, bridges and water and sewer lines.

The net increase in the Town of Brookline's investment in capital assets for the current year was \$3.3 million, including a \$3.0 million increase for governmental activities and a \$257 thousand increase for business-type activities.

As noted in the table above the Town's major capital projects relate to school renovations and various infrastructure projects.

Major Capital asset events during the current fiscal year included the following:

- ❖ Approximately \$2.2 million was spent on roads, sidewalks, and other related infrastructure.
- ❖ Approximately \$3.4 million was spent on machinery and equipment.
- ❖ Approximately \$830 thousand was spent on land acquisition.
- ❖ Approximately \$2.4 million was spent on building renovations and improvements.

Please see Note 4 for further capital asset information.

**Town of Brookline's Capital Assets**  
(Net of Depreciation)

	Governmental Activities		Business -Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	874,873	79,727	-	-	874,873	79,727
Construction in Progress	5,387,090	845,350	-	-	5,387,090	845,350
Land Improvements	12,189,556	12,510,071	946,034	945,727	13,135,590	13,455,798
Buildings	145,477,003	148,804,928	2,676,698	2,771,574	148,153,701	151,576,502
Machinery and Equipment	11,562,467	11,033,531	694,321	884,348	12,256,788	11,917,879
Infrastructure	17,770,783	16,954,837	38,973,864	37,116,806	56,744,647	54,071,643
<b>Total</b>	<b>193,261,772</b>	<b>190,228,444</b>	<b>43,290,917</b>	<b>41,718,455</b>	<b>236,552,689</b>	<b>231,946,899</b>

**Long-term Debt.** At the end of the current fiscal year, the Town of Brookline had total bonded debt outstanding of \$75,955,000, of which \$61,196,048 is governmental debt and \$14,758,952 in business type debt. All of this amount is classified as outstanding long-term debt. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources. During fiscal year 2011, the Town retired long term debt of \$9,452,500.

The Town of Brookline issued \$11,025,000 of general obligation bonds. These bonds were used to finance several capital improvement projects. Included in these issues was \$9,650,000 in general obligation bonds for renovations to the Runkle School, \$1,000,000 for Sewer improvements, and \$375,000 for the Golf Course.

Please see notes 7 and 8 for further debt information.

In fiscal 2005, the Commonwealth enacted legislation that changed the method for funding the school building assistance program. Under the new program, the assistance is paid to support construction costs and reduce the total debt service of the Town. The Town has been approved for projects at the Runkle and Heath School's under this program. Through the end of fiscal year 2011, the Town has recorded capital grant revenue totaling approximately \$1,097,000 and \$67,000 respectfully, from the MSBA which is equal to 40% and 34.5% of approved construction costs incurred to date. The Town received \$876,000 of reimbursements related to the Runkle School and \$67,000 related to the Heath School in fiscal 2011.

### Cash and Investments

At June 30, 2011, the Town had recorded a Cash and Investments balance of \$90,337,869. Additional adjustments for accounts not maintained by the Treasurer, but included in overall financial statement cash, were Library Cash \$(232,580) and Investment accounts \$(4,081,680) maintained by the Trustees of the Brookline Public Library; and Retirement Cash \$(2,402,588) and Investment accounts \$(209,659,195) maintained by the Brookline Retirement System. This resulted in total Cash and Investments of \$306,713,912 as reflected in the Basic Financial Statements.

### Requests for Information

This financial report is designed to provide a general overview of the Town of Brookline's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller at Brookline Town Hall, 333 Washington Street, Brookline, Massachusetts 02146.

You are also invited to visit our website at <http://www.brookline.ma.gov/>.

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## ***Basic Financial Statements***

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 67,887,558	\$ 6,175,517	\$ 74,063,075
Investments.....	5,361,725	-	5,361,725
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,812,337	-	1,812,337
Tax liens.....	1,401,370	-	1,401,370
Motor vehicle excise taxes.....	241,813	-	241,813
User fees.....	125,594	-	125,594
Water and sewer fees.....	-	4,959,144	4,959,144
Departmental and other.....	5,408,299	-	5,408,299
Intergovernmental.....	7,572,918	-	7,572,918
Loans.....	135,287	-	135,287
Internal balances.....	275,000	(275,000)	-
Prepaid expenses.....	310,500	22,409	332,909
<b>NONCURRENT:</b>			
Restricted assets:			
Intergovernmental.....	4,411,000	-	4,411,000
Capital assets, nondepreciable.....	6,261,963	-	6,261,963
Capital assets, net of accumulated depreciation.....	186,999,809	43,290,917	230,290,726
<b>TOTAL ASSETS.....</b>	<b>288,205,173</b>	<b>54,172,987</b>	<b>342,378,160</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	3,071,158	1,658,941	4,730,099
Accrued liabilities.....	143,777	120	143,897
Accrued payroll.....	1,655,011	-	1,655,011
Tax refunds payable.....	2,129,000	-	2,129,000
Accrued interest.....	590,128	137,357	727,485
Abandoned property.....	171,743	-	171,743
Other liabilities.....	573,346	7,198	580,544
Deferred revenue.....	475,740	-	475,740
Customer deposits payable.....	9,253	-	9,253
Landfill closure.....	165,000	-	165,000
Compensated absences.....	5,905,415	290,616	6,196,031
Workers' compensation.....	245,750	-	245,750
Bonds payable.....	7,796,238	2,223,761	10,019,999
<b>NONCURRENT:</b>			
Landfill closure.....	4,505,000	-	4,505,000
Compensated absences.....	3,687,093	104,587	3,791,680
Workers' compensation.....	737,250	-	737,250
Postretirement benefits.....	33,427,338	1,288,943	34,716,281
Bonds payable.....	53,399,809	12,535,191	65,935,000
<b>TOTAL LIABILITIES.....</b>	<b>118,688,049</b>	<b>18,246,714</b>	<b>136,934,763</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	145,193,503	28,531,965	173,725,468
Restricted for:			
Loans.....	135,287	-	135,287
Permanent funds:			
Expendable.....	5,134,017	-	5,134,017
Nonexpendable.....	1,150,127	-	1,150,127
Other purposes.....	24,049,701	-	24,049,701
Unrestricted.....	(6,145,511)	7,394,308	1,248,797
<b>TOTAL NET ASSETS.....</b>	<b>\$ 169,517,124</b>	<b>\$ 35,926,273</b>	<b>\$ 205,443,397</b>

See notes to basic financial statements.

## STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2011

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 19,600,852	\$ 4,766,523	\$ 2,014,101	\$ -	\$ (12,820,228)	
Public safety.....	47,579,531	7,927,922	529,726	-	(39,121,883)	
Education.....	120,484,530	6,236,409	30,607,567	1,082,836	(82,557,718)	
Public works.....	19,656,664	3,169,289	133,282	-	(16,354,093)	
Community and economic development.....	1,717,158	-	3,511,618	-	1,794,460	
Human services.....	4,253,740	33,168	405,797	-	(3,814,775)	
Leisure services.....	8,694,233	2,537,644	132,972	-	(6,023,617)	
Interest.....	2,223,231	-	258,315	-	(1,964,916)	
Total Governmental Activities.....	224,209,939	24,670,955	37,593,378	1,082,836	(160,862,770)	
Business-Type Activities:						
Golf.....	896,473	1,122,854	-	-	226,381	
Water and sewer.....	22,039,432	24,190,848	34,620	3,937,252	6,123,288	
Total Business-Type Activities.....	22,935,905	25,313,702	34,620	3,937,252	6,349,669	
Total Primary Government.....	\$ 247,145,844	\$ 49,984,657	\$ 37,627,998	\$ 5,020,088	\$ (154,513,101)	

See notes to basic financial statements.

(Continued)

## STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net assets:</b>			
Net (expense) revenue from previous page.....	\$ (160,862,770)	\$ 6,349,669	\$ (154,513,101)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	156,404,746	-	156,404,746
Motor vehicle and other excise taxes.....	5,227,536	-	5,227,536
Hotel/motel tax.....	1,244,887	-	1,244,887
Penalties and interest on taxes.....	498,405	-	498,405
Payments in lieu of taxes.....	908,270	-	908,270
Grants and contributions not restricted to specific programs.....	5,544,701	-	5,544,701
Unrestricted investment income.....	1,380,045	3,305	1,383,350
Gain (loss) on disposal of capital assets.....	1,500,417	(240,887)	1,259,530
Miscellaneous.....	1,157,096	-	1,157,096
<i>Transfers, net</i> .....	1,809,342	(1,809,342)	-
Total general revenues and transfers.....	175,675,445	(2,046,924)	173,628,521
Change in net assets.....	14,812,675	4,302,745	19,115,420
<i>Net Assets:</i>			
Beginning of year (as restated).....	154,704,449	31,623,528	186,327,977
End of year.....	\$ 169,517,124	\$ 35,926,273	\$ 205,443,397

See notes to basic financial statements.

(Concluded)

GOVERNMENTAL FUNDS  
BALANCE SHEET

JUNE 30, 2011

	General	Capital Article Fund	Chapter 90 Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 27,853,934	\$ 9,979,112	\$ 9,027	\$ 25,644,044	\$ 63,486,117
Investments.....	-	-	-	5,361,725	5,361,725
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,812,337	-	-	-	1,812,337
Tax liens.....	1,401,370	-	-	-	1,401,370
Motor vehicle excise taxes.....	241,813	-	-	-	241,813
User fees.....	125,594	-	-	-	125,594
Departmental and other.....	2,773,555	-	-	2,634,744	5,408,299
Intergovernmental.....	6,014,046	-	2,664,564	3,305,308	11,983,918
Loans.....	-	-	-	135,287	135,287
Due from other funds.....	275,000	-	-	-	275,000
Prepaid expenses.....	297,233	-	-	13,267	310,500
<b>TOTAL ASSETS.....</b>	<b>\$ 40,794,882</b>	<b>\$ 9,979,112</b>	<b>\$ 2,673,591</b>	<b>\$ 37,094,375</b>	<b>\$ 90,541,960</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 1,302,887	\$ 129,068	\$ 7,393	\$ 1,597,359	\$ 3,036,707
Accrued liabilities.....	50,134	4,621	-	89,022	143,777
Accrued payroll.....	1,608,518	-	-	46,493	1,655,011
Tax refunds payable.....	2,129,000	-	-	-	2,129,000
Liabilities due depositors.....	9,253	-	-	-	9,253
Abandoned property.....	165,746	-	-	5,997	171,743
Other liabilities.....	539,980	-	-	33,366	573,346
Deferred revenues.....	11,465,316	-	2,664,564	2,766,013	16,895,893
<b>TOTAL LIABILITIES.....</b>	<b>17,270,834</b>	<b>133,689</b>	<b>2,671,957</b>	<b>4,538,250</b>	<b>24,614,730</b>
<b>FUND BALANCES:</b>					
Nonspendable.....	-	-	-	1,150,127	1,150,127
Restricted.....	-	-	1,634	24,227,247	24,228,881
Committed.....	-	9,845,423	-	7,178,751	17,024,174
Assigned.....	968,972	-	-	-	968,972
Unassigned.....	22,555,076	-	-	-	22,555,076
<b>TOTAL FUND BALANCES.....</b>	<b>23,524,048</b>	<b>9,845,423</b>	<b>1,634</b>	<b>32,556,125</b>	<b>65,927,230</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 40,794,882</b>	<b>\$ 9,979,112</b>	<b>\$ 2,673,591</b>	<b>\$ 37,094,375</b>	<b>\$ 90,541,960</b>

See notes to basic financial statements.



**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2011

Total governmental fund balances.....	\$ 65,927,230
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	193,261,772
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	16,420,153
Internal service funds are used by management to account for liability, health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....	3,383,990
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(590,128)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable.....	(61,196,047)
Landfill closure.....	(4,670,000)
Postretirement benefits.....	(33,427,338)
Compensated absences.....	(9,592,508)
Net effect of reporting long-term liabilities.....	(108,885,893)
Net assets of governmental activities.....	\$ <u>169,517,124</u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

FISCAL YEAR ENDED JUNE 30, 2011

	General	Capital Article Fund	Chapter 90 Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 156,157,408	\$ -	\$ -	\$ -	\$ 156,157,408
Motor vehicle and other excise taxes.....	5,178,153	-	-	-	5,178,153
Hotel/motel tax.....	1,244,887	-	-	-	1,244,887
Charges for services.....	4,776,101	-	-	-	4,776,101
Penalties and interest on taxes.....	498,405	-	-	-	498,405
Payments in lieu of taxes.....	908,270	-	-	-	908,270
Licenses and permits.....	3,586,851	-	-	-	3,586,851
Fines and forfeitures.....	4,274,494	-	-	-	4,274,494
Intergovernmental.....	29,019,485	66,035	584,742	11,761,692	41,431,954
Departmental and other.....	1,238,807	-	-	13,248,967	14,487,774
Contributions.....	-	-	-	1,157,217	1,157,217
Investment income.....	433,933	-	-	937,985	1,371,918
<b>TOTAL REVENUES.....</b>	<b>207,316,794</b>	<b>66,035</b>	<b>584,742</b>	<b>27,105,861</b>	<b>235,073,432</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	8,336,784	1,509,527	-	1,264,484	11,110,795
Public safety.....	33,799,665	173,675	-	754,884	34,728,224
Education.....	72,076,627	884,022	-	20,053,854	93,014,503
Public works.....	14,444,282	4,091,523	660,636	307,459	19,503,900
Community and economic development.....	-	-	-	1,717,158	1,717,158
Human services.....	2,275,520	-	-	974,619	3,250,139
Leisure services.....	4,444,419	490,505	-	2,125,639	7,060,563
Pension benefits.....	28,600,375	-	-	-	28,600,375
Fringe benefits.....	26,087,430	-	-	-	26,087,430
State and county charges.....	5,576,032	-	-	-	5,576,032
Debt service:					
Principal.....	7,105,400	-	-	-	7,105,400
Interest.....	2,109,205	-	-	-	2,109,205
<b>TOTAL EXPENDITURES.....</b>	<b>204,855,739</b>	<b>7,149,252</b>	<b>660,636</b>	<b>27,198,097</b>	<b>239,863,724</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>2,461,055</b>	<b>(7,083,217)</b>	<b>(75,894)</b>	<b>(92,236)</b>	<b>(4,790,292)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from bonds and notes.....	-	-	-	9,650,000	9,650,000
Premium from issuance of bonds, net of expenditures.....	14,507	-	-	-	14,507
Sale of capital assets.....	-	-	-	3,250,000	3,250,000
Transfers in.....	4,829,278	7,102,000	-	-	11,931,278
Transfers out.....	(7,102,000)	(21,176)	-	(2,998,760)	(10,121,936)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(2,258,215)</b>	<b>7,080,824</b>	<b>-</b>	<b>9,901,240</b>	<b>14,723,849</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>202,840</b>	<b>(2,393)</b>	<b>(75,894)</b>	<b>9,809,004</b>	<b>9,933,557</b>
<b>FUND BALANCES AT BEGINNING OF YEAR (AS REVISED).....</b>	<b>23,321,208</b>	<b>9,847,816</b>	<b>77,528</b>	<b>22,747,121</b>	<b>55,993,673</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 23,524,048</b>	<b>\$ 9,845,423</b>	<b>\$ 1,634</b>	<b>\$ 32,556,125</b>	<b>\$ 65,927,230</b>

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds.....	\$ 9,933,557
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay.....	14,378,581
Depreciation expense.....	<u>(9,595,670)</u>
Net effect of reporting capital assets.....	4,782,911
<p>In the Statement of Activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds the entire proceeds of the sale are reported as financial resources. As a result, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.....</p>	
	(1,749,583)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>	
	631,296
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>	
Proceeds from bonds and notes.....	(9,650,000)
Debt service principal payments.....	<u>7,105,400</u>
Net effect of reporting long-term debt.....	(2,544,600)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Net change in compensated absences accrual.....	(161,135)
Net change in accrued interest on long-term debt.....	(128,532)
Net change in postretirement benefit accrual.....	2,730,811
Net change in landfill accrual.....	<u>1,093,000</u>
Net effect of recording long-term liabilities and amortizing deferred losses.....	3,534,144
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>	
The net activity of internal service funds is reported with Governmental Activities.....	<u>224,950</u>
Change in net assets of governmental activities.....	<u>\$ 14,812,675</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS**

JUNE 30, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water & Sewer	Golf Course	Total	
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 5,666,909	\$ 508,608	\$ 6,175,517	\$ 4,401,441
Receivables, net of allowance for uncollectibles:				
Water and sewer fees.....	4,959,144	-	4,959,144	-
Prepaid expenses.....	15,217	7,192	22,409	-
Total current assets.....	10,641,270	515,800	11,157,070	4,401,441
<b>NONCURRENT:</b>				
Capital assets, net of accumulated depreciation.....	41,291,585	1,999,332	43,290,917	-
<b>TOTAL ASSETS.....</b>	<b>51,932,855</b>	<b>2,515,132</b>	<b>54,447,987</b>	<b>4,401,441</b>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	1,646,925	12,016	1,658,941	34,451
Accrued liabilities.....	120	-	120	-
Accrued interest.....	127,842	9,515	137,357	-
Due to other funds.....	-	275,000	275,000	-
Other liabilities.....	-	7,198	7,198	-
Compensated absences.....	254,071	36,545	290,616	-
Workers' compensation.....	-	-	-	245,750
Bonds payable.....	2,078,761	145,000	2,223,761	-
Total current liabilities.....	4,107,719	485,274	4,592,993	280,201
<b>NONCURRENT:</b>				
Compensated absences.....	93,337	11,250	104,587	-
Workers' compensation.....	-	-	-	737,250
Postretirement benefits.....	1,249,906	39,037	1,288,943	-
Bonds payable.....	11,600,191	935,000	12,535,191	-
Total noncurrent liabilities.....	12,943,434	985,287	13,928,721	737,250
<b>TOTAL LIABILITIES.....</b>	<b>17,051,153</b>	<b>1,470,561</b>	<b>18,521,714</b>	<b>1,017,451</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	27,612,633	919,332	28,531,965	-
Unrestricted.....	7,269,069	125,239	7,394,308	3,383,990
<b>TOTAL NET ASSETS.....</b>	<b>\$ 34,881,702</b>	<b>\$ 1,044,571</b>	<b>\$ 35,926,273</b>	<b>\$ 3,383,990</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water & Sewer	Golf Course	Total	
<b>OPERATING REVENUES:</b>				
Employer contributions .....	\$ -	\$ -	\$ -	\$ 2,530,503
Charges for services .....	24,190,848	1,122,854	25,313,702	-
Intergovernmental.....	3,971,872	-	3,971,872	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>28,162,720</b>	<b>1,122,854</b>	<b>29,285,574</b>	<b>2,530,503</b>
<b>OPERATING EXPENSES:</b>				
Cost of services and administration .....	20,479,542	774,660	21,254,202	-
Depreciation.....	1,044,483	83,909	1,128,392	-
Building and liability insurance claims.....	-	-	-	270,921
Employee benefits .....	-	-	-	2,042,759
<b>TOTAL OPERATING EXPENSES .....</b>	<b>21,524,025</b>	<b>858,569</b>	<b>22,382,594</b>	<b>2,313,680</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>6,638,695</b>	<b>264,285</b>	<b>6,902,980</b>	<b>216,823</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income.....	2,789	516	3,305	8,127
Interest expense.....	(515,407)	(37,904)	(553,311)	-
Loss on disposal of capital assets.....	(133,145)	(107,742)	(240,887)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(645,763)</b>	<b>(145,130)</b>	<b>(790,893)</b>	<b>8,127</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>5,992,932</b>	<b>119,155</b>	<b>6,112,087</b>	<b>224,950</b>
<b>TRANSFERS:</b>				
Transfers out.....	(1,643,181)	(166,161)	(1,809,342)	-
<b>CHANGE IN NET ASSETS.....</b>	<b>4,349,751</b>	<b>(47,006)</b>	<b>4,302,745</b>	<b>224,950</b>
<b>NET ASSETS AT BEGINNING OF YEAR (AS RESTATED)...</b>	<b>30,531,951</b>	<b>1,091,577</b>	<b>31,623,528</b>	<b>3,159,040</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 34,881,702</b>	<b>\$ 1,044,571</b>	<b>\$ 35,926,273</b>	<b>\$ 3,383,990</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water & Sewer	Golf Course	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users.....	\$ 24,231,809	\$ 1,122,854	\$ 25,354,663	\$ -
Receipts from interfund services provided.....	-	-	-	2,530,503
Receipts from other governments.....	3,971,872	-	3,971,872	-
Payments to vendors.....	(17,998,323)	(430,933)	(18,429,256)	(2,218,332)
Payments to employees.....	(2,180,136)	(397,484)	(2,577,620)	-
NET CASH FROM OPERATING ACTIVITIES.....	8,025,222	294,437	8,319,659	312,171
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers out.....	(1,643,181)	(166,161)	(1,809,342)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from the issuance of bonds and notes.....	1,000,000	375,000	1,375,000	-
Acquisition and construction of capital assets.....	(1,655,531)	(45,455)	(1,700,986)	-
Principal payments on bonds.....	(2,192,100)	(155,000)	(2,347,100)	-
Interest expense.....	(529,255)	(34,130)	(563,385)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(3,376,886)	140,415	(3,236,471)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income.....	2,789	516	3,305	8,127
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	3,007,944	269,207	3,277,151	320,298
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (AS RESTATED).....	2,658,965	239,401	2,898,366	4,081,143
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 5,666,909	\$ 508,608	\$ 6,175,517	\$ 4,401,441
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>				
Operating income (loss).....	\$ 6,638,695	\$ 264,285	\$ 6,902,980	\$ 216,823
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	1,044,483	83,909	1,128,392	-
Changes in assets and liabilities:				
Charges for services receivable.....	40,961	-	40,961	-
Due to other funds.....	-	(25,000)	(25,000)	-
Prepaid expenses.....	(1,274)	9,497	8,223	-
Warrants payable.....	381,999	(18,472)	363,527	12,348
Postretirement benefits.....	(102,110)	(3,189)	(105,299)	-
Accrued liabilities.....	(919)	-	(919)	-
Other liabilities.....	-	(2,976)	(2,976)	-
Accrued compensated absences.....	23,387	(13,617)	9,770	-
Workers' compensation.....	-	-	-	83,000
Total adjustments.....	1,386,527	30,152	1,416,679	95,348
NET CASH FROM OPERATING ACTIVITIES.....	\$ 8,025,222	\$ 294,437	\$ 8,319,659	\$ 312,171
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>				
Loss on disposal of fixed assets.....	\$ 133,145	\$ 107,742	\$ 240,887	\$ -

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**

JUNE 30, 2011

	Pension Trust Fund (as of December 31, 2010)	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 2,402,588	\$ 225,243	\$ 1,147,193	\$ -
Investments.....	209,659,195	10,657,097	3,197,796	-
Interest and dividends.....	388	-	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	169,295	-	-	525,646
Due from other funds.....	-	-	525,646	-
<b>TOTAL ASSETS.....</b>	<b>212,231,466</b>	<b>10,882,340</b>	<b>4,870,635</b>	<b>525,646</b>
<b>LIABILITIES</b>				
Warrants payable.....	182,231	-	-	-
Accrued liabilities.....	-	-	325,691	-
Due to other funds.....	-	-	-	525,646
<b>TOTAL LIABILITIES.....</b>	<b>182,231</b>	<b>-</b>	<b>325,691</b>	<b>525,646</b>
<b>NET ASSETS</b>				
Held in trust for pension benefits, opeb, and other purposes...	\$ 212,049,235	\$ 10,882,340	\$ 4,544,944	\$ -

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2011

	Pension Trust Fund (as of December 31, 2010)	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer.....	\$ 15,321,487	\$ 2,013,731	\$ -
Employee.....	5,410,699	-	-
Private donations.....	-	-	171,299
Total contributions.....	20,732,186	2,013,731	171,299
Net investment income (loss):			
Net change in fair value of investments.....	23,351,153	-	-
Investment income (loss).....	3,310,481	1,594,099	576,024
Total investment income (loss).....	26,661,634	1,594,099	576,024
Less: investment expense.....	(949,002)	-	-
Net investment income (loss).....	25,712,632	1,594,099	576,024
Intergovernmental.....	666,996	-	-
Transfers from other systems.....	517,886	-	-
TOTAL ADDITIONS.....	47,629,700	3,607,830	747,323
<b>DEDUCTIONS:</b>			
Administration.....	554,735	80,313	961
Transfers to other systems.....	834,592	-	-
Retirement benefits and refunds.....	23,518,734	-	-
Educational scholarships.....	-	-	203,965
TOTAL DEDUCTIONS.....	24,908,061	80,313	204,926
CHANGE IN NET ASSETS.....	22,721,639	3,527,517	542,397
NET ASSETS AT BEGINNING OF YEAR (AS REVISED).....	189,327,596	7,354,823	4,002,547
NET ASSETS AT END OF YEAR.....	\$ 212,049,235	\$ 10,882,340	\$ 4,544,944

See notes to basic financial statements.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Brookline, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

**A. Reporting Entity**

The Town was founded in 1630 as a part of Boston and was incorporated in 1705 under the Statutes of the Commonwealth of Massachusetts. The Town operates under a representative Town Meeting form of government and provides the following services to the residents of its community: administrative, public safety, public works, education, community development, water and sewer, health and human services, elder and leisure services.

The Town of Brookline is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Brookline Contributory Retirement System (Retirement System) has been included as a blended component. Blended component units are entities that are legally separate from the Town, but are so related that they are, in substance, the same as the Town or entities providing services entirely or almost entirely for the benefit of the Town.

The Retirement System provides retirement benefits to Town employees, the Brookline Housing Authority employees, and their beneficiaries. The Retirement System is governed by a five-member board comprised of the Town Comptroller (ex-officio), an appointee of the Board of Selectmen, two members elected by the Retirement System's participants and one member appointed by the other four Board members. The Retirement System is presented using the accrual basis of accounting and is reported as the Pension Trust Fund in the fiduciary fund financial statements.

**Availability of Financial Information for Component Units**

The Retirement System did not issue a separate audited financial statement. The Retirement System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the Retirement System located at Brookline Town Hall.

**Joint Ventures** – The Town is a member of the Massachusetts Water Resources Authority (MWRA), a joint venture with other Massachusetts governmental entities that was organized to provide water and sewer services to the respective members' Cities, Towns and Districts. Complete financial statements for the MWRA can be obtained directly from their administrative office located at 100 First Avenue, Boston, Massachusetts 02189.

The Town is also a member of the Massachusetts Bay Transportation Authority (MBTA), a joint venture with other Massachusetts governmental entities that was organized to provide public transportation services to the respective members' Cities, Towns and Districts. Complete financial statements for the MBTA can be obtained directly from their administrative office located at 10 Park Plaza, Boston, Massachusetts 02116.

B. Government-Wide and Fund Financial Statements*Government-Wide Financial Statements*

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

*Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

#### *Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days of fiscal year end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *capital article fund* is used to account for revenue financed capital projects.

The *chapter 90 highway fund* is used to account for financial resources for the construction, reconstruction, and improvements to roadways, streets, and sidewalks.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

**Proprietary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *water & sewer enterprise fund* is used to account for the water and sewer activities.

The *golf enterprise fund* is used to account for the Town's golf course activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to health insurance, (including the fiduciary-managed trust fund for Other Postretirement Benefits), workers' compensation, unemployment and municipal building insurance. The Town also uses this fund to accumulate reserves for postemployment benefits.

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *pension trust fund* is used to account for the activities of the Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *other postemployment benefits trust fund* is used to accumulate assets which will be used to offset future postemployment benefit costs.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

*Government-Wide and Fund Financial Statements*

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments*Government-Wide and Fund Financial Statements*

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Accounts Receivable*Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

***Real Estate Taxes, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

***Motor Vehicle Excise***

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

***Refuse***

Refuse fees are levied quarterly for each type of property that utilizes the collection service and are based upon a third party waste collection contract. Refuse fees are recorded receivables in the fiscal year of the levy. Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

***Water & Sewer***

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and Sewer liens are processed annually and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered fully collectible and therefore do not report an allowance for uncollectibles.

***Departmental and Other***

Departmental and other receivables consist primarily of police and fire details and parking tickets and are recorded as receivables in the fiscal year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

***Intergovernmental***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

***Loans***

The Department of Community and Economic Development administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

**F. Inventories*****Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

**G. Restricted Assets**

Certain assets of the enterprise fund are classified as restricted if their use is restricted by contract covenants.

**H. Capital Assets*****Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial

statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costing more than \$15,000 and having a useful life of greater than one year are capitalized.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Land improvements.....	5-50
Buildings.....	5-50
Machinery and equipment.....	3-20
Infrastructure.....	10-75

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

#### *Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

#### I. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

#### *Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as "internal balances".

The general fund has provided a long-term interest free loan to the golf enterprise fund and these balances are included in the statement of net assets as "internal balances".

#### *Fund Financial Statements*

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

The general fund has provided a long-term interest free loan to the golf enterprise fund and these balances are included in the fund statements as "Due from other funds" or "Due to other funds".

J. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

*Government-Wide Financial Statements*

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

*Fund Financial Statements*

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

K. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. In addition, property taken by the Town through the foreclosure process is recorded as an asset and deferred revenue. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

Net assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been "restricted for" the following:

"Loans" represents community development outstanding loans receivable balances.

"Permanent funds - expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Permanent funds - nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Other Purposes" represents amounts restricted by outside sources for specific purposes.

*Fund Financial Statements (Fund Balances)*

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.



The governmental fund balance classifications are as follows:

"Nonspendable" fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

"Restricted" fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

"Assigned" fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

"Unassigned" fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, or assigned to specific purposes within the general fund.

#### M. Long-term debt

##### *Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable material bond premium or discount.

##### *Governmental Fund Financial Statements*

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

#### N. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from the golf enterprise fund is voluntarily assigned and transferred to the general fund. The water & sewer and internal service funds retain their investment income.

#### O. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

##### *Government-Wide and Proprietary Fund Financial Statements*

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

*Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

P. Use of Estimates*Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

Q. Individual Fund Deficits

At fiscal year-end several individual fund deficits exist in the Special Revenue Fund that will be funded through grants and available fund balances in the next fiscal year.

R. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

*Fund Financial Statements*

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

S. Prior Period Reclassification and Restatement

During the current fiscal year, the Town elected to report the Other Postemployment Benefits Trust Fund (OPEB) separately from the Internal Service Fund. The result is a beginning balance reclassification of \$7,354,823 from the Internal Service Fund to the OPEB Trust Fund. Because the OPEB Trust Fund is now classified as a Fiduciary Fund, the beginning balance of governmental net assets has also been decreased by the same amount to a balance of \$154,704,449.

Beginning net assets of the Water & Sewer Enterprise fund have been restated by \$3,715,885 to account for previously unrecognized capital assets which were constructed entirely with grant funds.

**NOTE 2 - CASH AND INVESTMENTS**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the pension trust fund are held separately from those of other funds.

For the general fund, statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). Trust fund investments are subject to the Town's investment policies which are described further in this note. In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At fiscal year-end, the carrying amount of deposits totaled \$50,710,675 and the bank balance totaled \$54,111,895. Of the bank balance, \$1,495,355 was covered by Federal Depository Insurance and \$52,616,540 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Town's cash and cash equivalents consist of \$50,710,675 in deposits and \$24,724,836 in cash equivalents. These cash and cash equivalents are reported in both the primary government and the fiduciary funds. Those amounts total \$74,063,075 and \$1,372,436, respectively. See investments below for amounts designated as cash equivalents.

At December 31, 2010, the carrying amount of deposits for the Retirement System totaled \$152,404 and the bank balance totaled \$565,951. The entire bank balance of \$565,951 was covered by Federal Depository Insurance.

The Retirement System's cash and cash equivalents consist of \$152,404 in deposits and \$2,250,184 in cash equivalents, totaling \$2,402,588. See investments below for amounts designated as cash equivalents.

Investments

The Town of Brookline had the following investments, including cash equivalents classified as investments, at June 30, 2011:

Investment Type	Fair Value	Maturity			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt Securities</u>					
United States Treasury.....	\$ 860,107	\$ 585,043	\$ 164,499	\$ 7,359	\$ 103,206
Federal National Mortgage Asso.....	750,173	-	76,001	31,385	642,787
Federal Home Loan Mortgage Corp.....	174,954	-	-	9,134	165,820
Total Debt Securities.....	\$ 1,785,234	\$ <u>585,043</u>	\$ <u>240,500</u>	\$ <u>47,878</u>	\$ <u>911,813</u>
<u>Other Investments</u>					
Alternative Investments - hedge funds....	2,129,552				
Bond Mutual Funds.....	283,966				
Equity Securities.....	7,602,859				
Equity Mutual Funds.....	7,415,007				
Repurchase Agreements (*).....	729,041				
Money Market Mutual Funds (*).....	273,336				
MMDT (*).....	23,722,459				
Total Investments.....	\$ <u>43,941,454</u>				
(*) designates cash equivalent					
Total investments per above.....	\$ 43,941,454				
Less: cash equivalents.....	<u>(24,724,836)</u>				
Total Town investments.....	\$ 19,216,618				

The Town's investments are reported in both the primary government and the fiduciary funds. Those amounts total \$5,361,725 and \$13,854,893, respectively. Included in the primary government, and reported in the internal service funds, is \$10,657,097 of investments accumulated for the funding of employee postretirement benefits.

As of December 31, 2010, the Retirement System had the following investments:

<u>Other Investments</u>	
Equity Security Mutual Funds.....	\$ 108,488,884
International Securities.....	41,992,302
PRIT Investments.....	25,634,759
Alternative Investments-Real Estate.....	33,543,250
Money Market Mutual Funds (*).....	2,250,184
Total Investments.....	\$ 211,909,379

(\*) designates cash equivalent

Custodial Credit Risk – Town Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's investments, \$860,107 in U.S. Treasury Securities, \$750,173 in Federal National Mortgage Association, \$174,954 in Federal Home Loan Mortgage Corporation, and \$7,602,860 in Equity Securities, the Town has custodial credit risk exposure of \$9,388,094 because the related securities are uninsured, unregistered and held by the counterparty.

The Town has an investment policy for custodial credit risk that states; 1) a maximum of 70% of the Town's portfolio can be in equity securities and further that any one security can makeup only 5% of the Town's portfolio, 2) a maximum of 50% of the Town's portfolio can be in fixed income securities, 3) a maximum of 20% of the Town's portfolio can be in cash. The policy also states that there are no limits or restrictions with respect to U.S. Government Securities and that the minimum rating of bonds shall be investment grade.

Interest Rate Risk – Town Investments

In investments other than the general fund, the Town's formal investment policy limits the selection of investments to the prudent investor rule, which states that the trustee should exercise reasonable care, skill, and caution. The Town contracts with an investment manager who assists the Town in managing the investment exposure to fair value losses arising from increasing interest rates.

The Town participates in MMDT, which maintains a cash portfolio and short-term bond fund with combined average maturities of approximately 3 months.

Credit Risk – Town Investments

The Town has adopted a formal policy related to credit risk. At June 30, 2011 the Town's debt securities were rated as follows:

<u>Rated Debt Investments - Town's</u>				
<u>Quality Ratings</u>	<u>United States Treasury</u>	<u>Federal National Mortgage Asso.</u>	<u>Federal Home Loan Mortgage Corp.</u>	<u>Totals</u>
AAA.....	\$ 860,107	\$ 750,173	\$ 174,954	\$ 1,785,234

Custodial Credit Risk – Retirement System Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Retirement System will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Retirement System's investments the \$41,992,302 in International Securities the Retirement System has custodial credit risk exposure of \$41,992,302 because the related securities are uninsured, unregistered and held by the counterparty.

The Retirement System has an investment policy for custodial credit risk that states the Retirement System is willing to accept a level of market risk consistent with moderate interim volatility without sacrificing the potential for long term real growth of assets. To accomplish this goal the Retirement System will utilize extensive diversification to minimize company and industry specific risks while avoiding extreme levels of volatility that could adversely affect the Retirement Systems' participants.

Interest Rate Risk – Retirement System

The Retirement System has a formal investment policy that establishes the objectives and constraints that govern the investment of the Retirement System's assets. The Retirement System's assets are structured to provide growth from capital gains and income, while maintaining sufficient liquidity to meet beneficiary payments. When managing assets the Retirement System at all times must be in accordance with the provisions of the Public Employee Retirement Administration Commission (PERAC), the Employee Retirement Income Security Act (ERISA) and Department of Labor regulations.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from .08 to 11.6 years.

Concentration of Credit Risk

The Town limits the amount that may be invested in any one issuer to 5% of the total investments. At June 30, 2011, the Town does not have any investments that exceed the 5% threshold.

The Retirement System limits the amount that may be invested in any one issuer to 5% of the total investments. At December 31, 2010, the Retirement System does not have any investments that exceed the 5% threshold.

**NOTE 3 – RECEIVABLES**

At June 30, 2011, receivables for the individual major governmental funds and non-major internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes...	\$ 1,812,337	\$ -	\$ 1,812,337
Tax liens.....	1,401,370	-	1,401,370
Motor vehicle and other excise taxes.....	425,846	(184,033)	241,813
User fees.....	125,594	-	125,594
Departmental and other.....	6,353,299	(945,000)	5,408,299
Intergovernmental.....	11,983,918	-	11,983,918
Loans.....	135,287	-	135,287
Total.....	\$ 22,237,651	\$ (1,129,033)	\$ 21,108,618

At June 30, 2011, receivables for the water and sewer enterprise fund totaled \$4,959,144. The amount is considered fully collectible.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Type:</u>			
Real estate and personal property taxes...	\$ 1,262,133	\$ -	\$ 1,262,133
Tax liens.....	1,361,835	-	1,361,835
Motor vehicle and other excise taxes.....	241,813	-	241,813
User fees.....	125,594	-	125,594
Departmental and other.....	2,795,941	517,642	3,313,583
Intergovernmental.....	5,403,000	4,912,935	10,315,935
<u>Other asset type:</u>			
Due from other funds.....	275,000	-	275,000
Total.....	\$ 11,465,316	\$ 5,430,577	\$ 16,895,893

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 79,727	\$ 829,873	\$ (34,727)	\$ 874,873
Construction in progress.....	845,350	4,541,740	-	5,387,090
Total capital assets not being depreciated..	925,077	5,371,613	(34,727)	6,261,963
<u>Capital assets being depreciated:</u>				
Land improvements.....	22,157,677	1,255,733	(1,838,311)	21,575,099
Buildings.....	241,934,784	2,360,756	(2,679,975)	241,615,565
Machinery and equipment.....	33,787,770	3,162,935	(12,380,067)	24,570,638
Infrastructure.....	41,621,142	2,227,544	(2,414,867)	41,433,819
Total capital assets being depreciated.....	339,501,373	9,006,968	(19,313,220)	329,195,121
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(9,647,606)	(817,882)	1,079,945	(9,385,543)
Buildings.....	(93,129,856)	(5,403,294)	2,394,588	(96,138,562)
Machinery and equipment.....	(22,754,239)	(1,962,896)	11,708,964	(13,008,171)
Infrastructure.....	(24,666,305)	(1,411,598)	2,414,867	(23,663,036)
Total accumulated depreciation.....	(150,198,006)	(9,595,670)	17,598,364	(142,195,312)
Total capital assets being depreciated, net.....	189,303,367	(588,702)	(1,714,856)	186,999,809
Total governmental activities capital assets, net....	\$ 190,228,444	\$ 4,782,911	\$ (1,749,583)	\$ 193,261,772



	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water &amp; Sewer Activities:</b>				
<u>Capital assets being depreciated:</u>				
Land improvements.....	\$ 201,230	\$ -	\$ -	\$ 201,230
Buildings.....	2,570,876	-	-	2,570,876
Machinery and equipment.....	2,009,129	235,172	(547,677)	1,696,624
Infrastructure.....	52,316,160	2,661,114	-	54,977,274
Total capital assets being depreciated.....	57,097,395	2,896,286	(547,677)	59,446,004
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(53,321)	(6,574)	-	(59,895)
Buildings.....	(1,006,943)	(56,077)	-	(1,063,020)
Machinery and equipment.....	(1,264,850)	(177,776)	414,532	(1,028,094)
Infrastructure.....	(15,199,354)	(804,056)	-	(16,003,410)
Total accumulated depreciation.....	(17,524,468)	(1,044,483)	414,532	(18,154,419)
Total capital assets being depreciated, net.....	\$ 39,572,927	\$ 1,851,803	\$ (133,145)	\$ 41,291,585
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Golf Course Activities:</b>				
<u>Capital assets being depreciated:</u>				
Land improvements.....	\$ 1,104,830	\$ 45,455	\$ -	\$ 1,150,285
Buildings.....	1,637,365	-	-	1,637,365
Machinery and equipment.....	242,656	-	(172,377)	70,279
Total capital assets being depreciated.....	2,984,851	45,455	(172,377)	2,857,929
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(307,012)	(38,574)	-	(345,586)
Buildings.....	(429,724)	(38,799)	-	(468,523)
Machinery and equipment.....	(102,587)	(6,536)	64,635	(44,488)
Total accumulated depreciation.....	(839,323)	(83,909)	64,635	(858,597)
Total capital assets being depreciated, net.....	\$ 2,145,528	\$ (38,454)	\$ (107,742)	\$ 1,999,332

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government.....	\$ 445,943
Public safety.....	1,317,778
Education.....	3,778,728
Public works.....	3,205,884
Leisure services.....	638,793
Human services.....	208,544
Total depreciation expense - governmental activities.....	<u>\$ 9,595,670</u>

**Business-Type Activities:**

Water and Sewer.....	\$ 1,044,483
Golf.....	83,909
Total depreciation expense - business-type activities.....	<u>\$ 1,128,392</u>

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:		
	General Fund	Capital Article Fund	Total
General Fund.....	\$ -	\$ 7,102,000	\$ 7,102,000
Nonmajor Governmental Funds...	2,998,760	-	2,998,760
Water & Sewer Enterprise Fund...	1,643,181	-	1,643,181
Capital Article Fund.....	21,176	-	21,176
Golf Enterprise Fund.....	166,161	-	166,161
	<u>\$ 4,829,278</u>	<u>\$ 7,102,000</u>	<u>\$ 11,931,278</u>

Transfers represent amounts voted to fund the fiscal year 2011 operating budget and indirect costs transfers from the enterprise funds.

**NOTE 7 – SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds.

The Town had no short-term financing activity during fiscal year 2011.

**NOTE 8 - LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

In previous fiscal years, certain general obligation bonds were defeased by placing the proceeds of the bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2011, \$28,100,000 of Governmental and \$2,255,000 of Enterprise Fund bonds outstanding from the advance refunding are considered defeased.

Details related to the Town's outstanding indebtedness and debt service requirements follow.

<b>Governmental Funds</b>	<b>Interest Rate (%)</b>	<b>Outstanding at June 30, 2010</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Outstanding at June 30, 2011</b>
<i>Project</i>					
<i>Inside Debt Limit</i>					
Schools.....	2.59-5.91	\$ 16,812,183	\$ 9,650,000	\$ 2,844,361	\$ 23,617,822
General Government.....	3.22-5.28	32,649,264	-	3,341,039	29,308,225
Sub-total.....		49,461,447	9,650,000	6,185,400	52,926,047
<i>Outside Debt Limit</i>					
Schools.....	5.33 - 5.35	9,190,000	-	920,000	8,270,000
Total Governmental bonds Payable.....		58,651,447	9,650,000	7,105,400	61,196,047
<b>Enterprise Funds</b>					
<i>Inside Debt Limit</i>					
Golf Course Enterprise Fund.....	3.19-3.90	860,000	375,000	155,000	1,080,000
Water Enterprise Fund.....	3.90-6.63	7,740,352	-	1,270,001	6,470,351
Sewer Enterprise Fund.....	3.90-5.28	7,130,700	1,000,000	922,099	7,208,601
Total Enterprise Bonds Payable.....		15,731,052	1,375,000	2,347,100	14,758,952
Total Bonds Payable.....		\$ 74,382,499	\$ 11,025,000	\$ 9,452,500	\$ 75,954,999

Debt service requirements for principal and interest for governmental bonds payable are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012.....	\$ 7,796,238	\$ 2,172,392	\$ 9,968,630
2013.....	6,639,633	1,935,162	8,574,795
2014.....	5,857,088	1,721,819	7,578,907
2015.....	5,267,794	1,544,449	6,812,243
2016.....	4,857,794	1,372,202	6,229,996
2017.....	4,635,000	1,196,398	5,831,398
2018.....	4,192,500	1,034,043	5,226,543
2019.....	3,870,000	889,095	4,759,095
2020.....	3,550,000	743,542	4,293,542
2021.....	2,235,000	607,088	2,842,088
2022.....	2,230,000	521,092	2,751,092
2023.....	1,720,000	430,816	2,150,816
2024.....	1,715,000	360,458	2,075,458
2025.....	1,715,000	288,497	2,003,497
2026.....	1,325,000	215,412	1,540,412
2027.....	1,120,000	158,350	1,278,350
2028.....	1,120,000	108,988	1,228,988
2029.....	450,000	59,062	509,062
2030.....	450,000	39,938	489,938
2031.....	450,000	20,248	470,248
Totals.....	\$ 61,196,047	\$ 15,419,049	\$ 76,615,096

Debt service requirements for principal and interest for enterprise fund bonds and notes payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012..... \$	2,223,761 \$	516,354 \$	2,740,115
2013.....	2,155,366	442,806	2,598,172
2014.....	2,107,912	377,747	2,485,659
2015.....	1,787,206	301,150	2,088,356
2016.....	1,777,206	239,178	2,016,384
2017.....	1,515,000	173,219	1,688,219
2018.....	1,162,501	116,894	1,279,395
2019.....	860,000	76,962	936,962
2020.....	730,000	44,700	774,700
2021.....	265,000	16,700	281,700
2022.....	20,000	7,000	27,000
2023.....	20,000	6,300	26,300
2024.....	20,000	5,576	25,576
2025.....	20,000	4,826	24,826
2026.....	20,000	4,026	24,026
2027.....	15,000	3,226	18,226
2028.....	15,000	2,606	17,606
2029.....	15,000	1,968	16,968
2030.....	15,000	1,330	16,330
2031.....	15,000	674	15,674
Totals..... \$	<u>14,758,952</u> \$	<u>2,343,242</u> \$	<u>17,102,194</u>

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2011, \$1,295,000 of such assistance was received for reimbursement. Approximately \$7,277,000 will be received in future fiscal years. Of this amount, \$1,329,000 represents reimbursement of long-term interest costs, and approximately \$5,948,000 represents reimbursement of approved construction costs. Accordingly, a \$5,948,000 intergovernmental receivable and corresponding deferred revenue have been reported in governmental fund financial statements. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

In fiscal 2005, the Commonwealth enacted legislation that changed the method for funding the school building assistance program. Under the new program, the assistance is paid to support construction costs and reduce the total debt service of the Town. The Town has been approved for projects at the Runkle and Heath School's under this program. Through the end of fiscal year 2011, the Town has recorded capital grant revenue totaling approximately \$1,097,000 and \$67,000 respectfully, from the MSBA which is equal to 40% and 34.5% of approved construction costs incurred to date. The Town received \$876,000 of reimbursements related to the Runkle School and \$67,000 related to the Heath School in fiscal 2011.

## Notes to Basic Financial Statements

Fiscal Year Ended June 30, 2011

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2011, the Town had the following authorized and unissued debt:

Purpose	Amount
Runkle School.....	\$ 17,850,000
Waste Water System.....	4,124,065
Carlton Street Foot Bridge.....	1,400,000
Golf - Grounds.....	940,000
Town Hall Garage.....	950,000
Muddy River Project.....	745,000
Heath School.....	8,500,000
Storm Drains.....	500,000
Total.....	<u>\$ 35,009,065</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2011, the following changes occurred in long-term liabilities:

**Governmental Funds**

	Balance June 30, 2010	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Net Increase (Decrease)	Balance June 30, 2011	Current Portion
Long-Term Bonds and Notes.....	\$ 58,651,447	\$ 9,650,000	\$ (7,105,400)	\$ -	\$ 61,196,047	\$ 7,796,238
Other Postemployment Benefits.....	36,158,149	-	-	(2,730,811)	33,427,338	-
Workers' Compensation.....	900,000	-	-	83,000	983,000	245,750
Compensated Absences.....	9,431,373	-	-	161,135	9,592,508	5,905,415
Landfill Closure.....	5,763,000	-	-	(1,093,000)	4,670,000	165,000
Total.....	<u>\$ 110,903,969</u>	<u>\$ 9,650,000</u>	<u>\$ (7,105,400)</u>	<u>\$ (3,579,676)</u>	<u>\$ 109,868,893</u>	<u>\$ 14,112,403</u>

**Business-Type Activities**

	Balance June 30, 2010	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Net Increase (Decrease)	Balance June 30, 2011	Current Portion
Long-Term Bonds and Notes.....	\$ 15,731,052	\$ 1,375,000	\$ (2,347,100)	\$ -	\$ 14,758,952	\$ 2,223,761
Other Postemployment Benefits.....	1,394,242	-	-	(105,299)	1,288,943	-
Compensated Absences.....	385,433	-	-	9,770	395,203	290,616
Total.....	<u>\$ 17,510,727</u>	<u>\$ 1,375,000</u>	<u>\$ (2,347,100)</u>	<u>\$ (95,529)</u>	<u>\$ 16,443,098</u>	<u>\$ 2,514,377</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year end, \$983,000 of internal service funds accrued liabilities is included above. Except for the amounts related to the internal service funds and a portion of the bonds, the governmental activities long-term liabilities are generally liquidated by the general fund.

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

As of June 30, 2011, the governmental fund balances consisted of the following:

	GOVERNMENTAL FUNDS				
	General	Chapter 90 Highway Fund	Capital Article Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>					
Nonspendable:					
Permanent fund principal..... \$	- \$	- \$	- \$	1,150,127 \$	1,150,127
Restricted for:					
Chapter 90 major fund.....	-	1,634	-	-	1,634
Housing trust funds.....	-	-	-	4,877,823	4,877,823
Parking meter fund.....	-	-	-	3,355,312	3,355,312
Revolving funds.....	-	-	-	2,073,200	2,073,200
Trust funds.....	-	-	-	8,974	8,974
Federal grant funds.....	-	-	-	797,871	797,871
Gift and grant funds.....	-	-	-	3,901,664	3,901,664
Storm damage fund.....	-	-	-	401,401	401,401
Sale of cemetery lots/ graves.....	-	-	-	426,985	426,985
Sale of municipal property.....	-	-	-	3,250,000	3,250,000
Non-expendable permanent funds.....	-	-	-	186,434	186,434
Cemetery perpetual care.....	-	-	-	135,710	135,710
Library permanent fund.....	-	-	-	4,314,260	4,314,260
Other permanent funds.....	-	-	-	497,613	497,613
Committed to:					
Revenue financed capital article major fund.....	-	-	9,845,423	-	9,845,423
Debt financed school capital projects.....	-	-	-	6,440,394	6,440,394
Debt financed town capital projects.....	-	-	-	738,357	738,357
Assigned to:					
General government.....	281,398	-	-	-	281,398
Public safety.....	236,441	-	-	-	236,441
Education.....	247,798	-	-	-	247,798
Public works.....	190,836	-	-	-	190,836
Human services.....	3,320	-	-	-	3,320
Leisure services.....	9,179	-	-	-	9,179
Unassigned.....	22,555,076	-	-	-	22,555,076
<b>TOTAL FUND BALANCES (DEFICIT)..... \$</b>	<b>23,524,048 \$</b>	<b>1,634 \$</b>	<b>9,845,423 \$</b>	<b>32,556,125 \$</b>	<b>65,927,230</b>

Unassigned fund balance of the General Fund includes \$5.4 million of available funds voted to fund the fiscal year 2012 operating budget.

**NOTE 10 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

The Town is self-insured for its workers' compensation, unemployment and municipal building insurance activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. Any incurred but not reported liability related to unemployment and municipal building insurance is deemed immaterial and is therefore not recorded.

**(a) Workers' Compensation**

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations.

The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$800,000. The estimated future workers' compensation liability is based on history and injury type.

At June 30, 2011, the amount of the liability for workers' compensation claims totaled \$983,000. Changes in the reported liability since July 1, 2009, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2011.....\$	900,000 \$	1,228,504 \$	(1,145,504) \$	983,000
Fiscal Year 2010.....	1,380,000	676,446	(1,156,446)	900,000

#### NOTE 11 - PENSION PLAN

*Plan Description* - The Town contributes to the Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Brookline Contributory Retirement Board. Substantially all employees are members of the Retirement System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$14,623,000 for the fiscal year ended June 30, 2011, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The Retirement System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Brookline Contributory Retirement Board and are borne by the Retirement System. The Retirement System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the Retirement System located at Brookline Town Hall, 333 Washington Street, Brookline, Massachusetts 02146.

At December 31, 2010, the Retirement System's membership consists of the following:

Active members.....	1,292
Inactive members.....	1,316
Disabled members.....	190
Retirees and beneficiaries currently receiving benefits.....	659
Total.....	<u>3,457</u>

*Funding Policy* - Plan members are required to contribute to the Retirement System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Retirement System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings.



The current and two preceding fiscal years apportionment of the annual pension cost between the two employers required the Town to contribute approximately 97%, of the total. Chapter 32 of the MGL governs the contributions of plan members and the Town.

*Annual Pension Cost* - The Town contributions to the Retirement System for the fiscal years ended June 30, 2011, 2010, and 2009 were approximately \$13,822,000, \$12,064,000, and \$11,422,000, respectively, which equaled its required contribution for each fiscal year. At June 30, 2010, the Town did not have a net pension obligation. The required contribution was determined as part of an actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.15% investment rate of return and projected salary increases of 5% per year. The actuarial value of the Retirement System's assets was determined using the fair value of the assets. The Retirement System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2011 was 17 years.

**Schedule of Funding Progress (Dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/10	\$ 220,576,982	\$ 357,980,915	\$ 137,403,933	61.6%	\$ 58,622,493	234.4%
1/1/08	223,598,975	332,222,063	108,623,088	67.3%	59,789,007	181.7%
1/1/06	190,818,205	299,355,769	108,537,564	63.7%	58,277,406	186.2%
1/1/04	177,153,465	265,441,629	88,288,164	66.7%	52,378,086	168.6%
1/1/02	171,285,347	250,478,343	79,192,996	68.4%	45,109,610	175.6%
1/1/00	160,983,529	217,964,030	56,980,501	73.9%	43,028,894	132.4%

Funding progress is reported based on the biennial actuarial valuation performed by the Retirement System, and is being accumulated on a biennial basis. The Town is responsible for approximately 97% of the unfunded liability.

*Noncontributory Retirement Allowance* - The Town pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the Retirement System. The general fund expenditure for fiscal year 2011 totaled approximately \$155,769.

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The Town implemented the provisions of GASB Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, and established its "Other Postemployment Benefits Trust Fund". The Town voted to begin funding its OPEB liabilities through the use of this fund.

*Plan Description* - The Town of Brookline administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32b of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

**Funding Policy** - Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. For 2011 the Town contributes 78% of the cost of current-year premiums for healthcare for eligible retired plan members and their spouses and 75% of current-year premiums for life insurance for eligible plan members. For fiscal year 2011, the Town contributed \$18.4 million to the plan.

**Annual OPEB Cost and Net OPEB Obligation** - The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for fiscal year 2011:

Normal cost.....	\$ 4,121,359
Amortization of unfunded actuarial accrued liability.....	10,823,940
Interest on existing net OPEB obligation.....	2,189,307
Adjustments to annual required contribution.....	<u>(1,572,272)</u>
Annual OPEB cost (expense).....	15,562,334
Contributions made.....	<u>(18,398,444)</u>
Increase/Decrease in net OPEB obligation.....	(2,836,110)
Net OPEB obligation - beginning of year.....	<u>37,552,391</u>
Net OPEB obligation - end of year.....	<u><u>\$ 34,716,281</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is as follows:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 15,562,334	71.0%	\$ 34,716,281
6/30/10	21,792,668	49.1%	37,552,391
6/30/09	20,503,147	46.5%	26,282,132

**Funded Status and Funding Progress** - As of June 30, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$215 million, of which the Town has funded approximately \$7.4 as of June 30, 2010. The covered payroll (annual payroll of active employees covered by the plan) was \$124.6 million, and the ratio of the UAAL to the covered payroll was 166.83 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements,

presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.25 percent investment rate of return, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. Both rates included a 4.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 29 years.

#### **NOTE 13 - LANDFILL CLOSURE COSTS**

State and federal laws and regulations require the Town to close its old landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town operated a solid waste landfill that ceased operations in 1972. The Town has reflected \$4,670,000 as the estimate of the rear landfill closure liability at June 30, 2011, in the government-wide financial statements governmental activities. This amount is based on estimates of what it would cost to perform all future closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### **NOTE 14 – INTERFUND LOAN**

On June 12, 2001, the General Fund issued an interest free note in the amount of \$500,000 to Putterham Meadows Golf Club Enterprise Fund to meet projected and capital expenses. The note is payable at \$25,000 per year, due on July 1 of each year. At June 30, 2011 the outstanding loan balance was \$275,000.

**NOTE 15 - COMMITMENTS**

The Town has entered into a long-term contract with Whitney Trucking Inc. to load, haul and dispose of municipal solid waste. The Town is charged a flat rate per ton that is subject to increase annually. There are no minimum tonnage requirements that the Town must comply with.

The Town entered into an agreement with Waste Management of Massachusetts, Inc. to provide single stream recycling for the Town. The fiscal year 2011 cost to the Town was approximately \$590,000 and the expected cost for fiscal year 2012 is \$856,000. This contract expires on June 30, 2014.

The School Department has entered into an agreement with Eastern Bus Company, Inc. to provide for regular transportation. The contract bears an annual cost of approximately \$684,000 for the first two years and approximately \$537,000 for the third year. The regular school transportation contract expires on August 31, 2013.

The School Department has also entered into an agreement with Y.C.N. Transportation, Inc. to provide transportation for its special needs students. The contract bears an annual cost of approximately \$395,000. The special needs student transportation contracts expire on August 31, 2013.

The Town has entered into, or is planning to enter into, contracts totaling approximately \$35,000,000 for renovations to the Runkle School, the Heath School, various Sewer Improvements, renovations to the Carlton Street Foot Bridge and various other projects.

**NOTE 16 - CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2006, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2011.

**NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2011, the following GASB pronouncements were implemented:

- GASB Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in fiscal year 2011. Financial statements changes include new fund balance designations and the reclassification of stabilization funds from the special revenue fund to the general fund. Notes to the basic financial statements were changed to provide additional disclosure on the new designations of fund balance.
- GASB Statement #59, *Financial Instruments Omnibus*, was implemented in fiscal year 2011 and did not impact the financial statements.

## Future implementation of GASB pronouncements:

- The GASB issued Statement #60, Accounting and Financial Reporting for Service Concession Arrangements, which is required to be implemented in fiscal year 2013. Management expects that the implementation of this pronouncement will have an impact on the basic financial statements.
- The GASB issued Statement #61, The Financial Reporting Entity: Omnibus, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.
- The GASB issued Statement #64, Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53, which is required to be implemented in fiscal year 2012. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements

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***Required Supplementary Information***

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 155,892,381	\$ 155,892,381	\$ 156,083,117
Motor vehicle and other excise taxes.....	-	4,600,000	4,600,000	4,600,000
Hotel/motel tax.....	-	1,550,000	1,550,000	1,550,000
Charges for services.....	-	4,650,245	4,650,245	4,650,245
Penalties and interest on taxes.....	-	350,000	350,000	350,000
Payments in lieu of taxes.....	-	880,000	880,000	880,000
Licenses and permits.....	-	2,553,475	2,553,475	2,553,475
Fines and forfeitures.....	-	4,306,700	4,306,700	4,306,700
Intergovernmental.....	-	13,694,506	13,694,506	13,694,506
Departmental and other.....	-	603,055	603,055	603,055
Investment income.....	-	250,000	250,000	250,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>189,330,362</b>	<b>189,330,362</b>	<b>189,521,098</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	297,928	10,625,988	10,923,916	9,390,125
Public safety.....	409,556	33,810,857	34,220,413	34,403,660
Education.....	366,218	71,947,765	72,313,983	72,409,351
Public works.....	324,266	12,772,572	13,096,838	14,763,795
Human services.....	41,978	2,210,741	2,252,719	2,324,942
Leisure services.....	9,115	4,407,759	4,416,874	4,508,239
Pension benefits.....	-	13,999,954	13,999,954	13,999,954
Employee benefits.....	246	27,515,947	27,516,193	26,529,693
State and county charges.....	-	5,556,335	5,556,335	5,556,335
Debt service:				
Principal.....	-	7,105,400	7,105,400	7,105,400
Interest.....	-	2,203,224	2,203,224	2,203,224
<b>TOTAL EXPENDITURES.....</b>	<b>1,449,307</b>	<b>192,156,542</b>	<b>193,605,849</b>	<b>193,194,718</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(1,449,307)</b>	<b>(2,826,180)</b>	<b>(4,275,487)</b>	<b>(3,673,620)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium from issuance of bonds, net of expenditures.....	-	-	-	-
Transfers in.....	-	4,808,101	4,808,101	4,808,102
Transfers out.....	-	(6,572,000)	(6,572,000)	(7,173,868)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(1,763,899)</b>	<b>(1,763,899)</b>	<b>(2,365,766)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(1,449,307)</b>	<b>(4,590,079)</b>	<b>(6,039,386)</b>	<b>(6,039,386)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>19,472,365</b>	<b>19,472,365</b>	<b>19,472,365</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (1,449,307)</b>	<b>\$ 14,882,286</b>	<b>\$ 13,432,979</b>	<b>\$ 13,432,979</b>

See notes to required supplementary information.



Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$ 155,898,463	\$ -	\$ (184,654)
5,178,153	-	578,153
1,244,887	-	(305,113)
4,776,101	-	125,856
498,405	-	148,405
908,270	-	28,270
3,586,851	-	1,033,376
4,274,494	-	(32,206)
14,225,080	-	530,574
1,238,807	-	635,752
400,352	-	150,352
192,229,863	-	2,708,765
8,327,032	281,398	781,695
33,804,706	236,441	362,513
72,095,304	247,798	66,249
14,399,923	190,836	173,036
2,294,869	3,320	26,753
4,444,419	9,179	54,641
13,977,375	-	22,579
26,087,430	-	442,263
5,576,032	-	(19,697)
7,105,400	-	-
2,109,205	-	94,019
190,221,695	968,972	2,004,051
2,008,168	(968,972)	4,712,816
14,507	-	14,507
4,829,278	-	21,176
(7,173,868)	-	-
(2,330,083)	-	35,683
(321,915)	(968,972)	4,748,499
19,472,365	-	-
\$ 19,150,450	\$ (968,972)	\$ 4,748,499

**Other Postemployment Benefit Plan**  
**Schedule of Funding Progress and Employer Contributions**

June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2010	\$ 7,355,050	\$ 215,241,642	\$ 207,886,602	3%	\$ 124,608,849	166.83
6/30/2008	-	323,225,372	323,225,372	0%	120,097,413	269.14
6/30/2006	-	325,834,939	325,834,939	0%	114,641,067	284.22

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2011	\$ 14,945,299	\$ 11,043,394	74%
2010	21,473,717	10,522,409	49%

**Other Postemployment Benefit Plan  
Actuarial Methods and Assumptions**

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**Actuarial Methods:**

Valuation date.....	June 30, 2010
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.0%, open
Remaining amortization period.....	29 years as of June 30, 2011
Asset valuation method.....	Market value

**Actuarial Assumptions:**

Investment rate of return.....	7.25%, pay-as-you-go scenario
Inflation.....	4.0%
Medical/drug cost trend rate.....	10.0% graded to 5.0% over 6 years and by 0.50% for 1 year to an ultimate level of 5.0% per year

**Plan Membership:**

Current retirees, beneficiaries, and dependents.....	1,560
Current active members.....	<u>1,382</u>
Total.....	<u><u>2,942</u></u>

See notes to required supplementary information.

**NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****A. Budgetary Information**

Municipal Law requires the Town to adopt a balanced budget that is approved at the Annual Town Meeting. The Advisory Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Expenditures are budgeted for each department by four major appropriation units, which are personal services, expenses, debt service and capital outlay that are mandated by Municipal Law. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Amendments to the originally adopted budget and transfers between departments require the approval of Town Meeting. Transfers between appropriation units within a department (except for the School Department and Library) require the approval of the Town Administrator, and are subject to certain restrictions that may require authorization from the Board and Advisory Committee. Expenditures within the appropriation of the School Department are not restricted. Transfers between Library appropriation units require the approval of the Board of Library Trustees.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2011 approved budget, including amounts carried forward from the prior fiscal years authorized approximately \$200,178,000 in appropriations and other amounts to be raised. During fiscal year 2011, Town Meeting approved appropriation increases totaling \$191,000.

The Office of the Comptroller has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2011, is presented below:

Excess of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$ (321,915)
<u>Perspective difference:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	105,449
<u>Basis of accounting differences:</u>	
Recognition of expenditures on modified accrual basis.....	(11,044)
Net change in recording 60-day receipts accrual.....	17,945
Recognition of revenues on modified accrual basis.....	171,405
Tax refunds payable.....	241,000
Recognition of revenue for on-behalf payments.....	(14,623,000)
Recognition of expenditures for on-behalf payments.....	<u>14,623,000</u>
Excess of revenues and other financing sources (uses) over expenditures - GAAP basis.....	\$ <u>202,840</u>

C. Appropriation Deficits

During fiscal year 2011, expenditures exceeded budgeted appropriations for state & county charges. This deficit will be funded through tax levy in fiscal year 2012.

**NOTE B - OTHER POSTRETIREMENT BENEFITS**

The Town of Brookline administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members, including teachers.

The Town currently finances its other postemployment benefits (OPEB) on a hybrid of pay-as-you-go and setting aside monies in an OPEB Trust. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 3%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress and Employer Contributions presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.



*TOWN OF BROOKLINE, MASSACHUSETTS*

*REPORTS ON FEDERAL AWARD PROGRAMS*

*FISCAL YEAR ENDED JUNE 30, 2011*

**TOWN OF BROOKLINE, MASSACHUSETTS  
REPORTS ON FEDERAL AWARD PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 2011**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

To the Honorable Board of Selectmen  
Town of Brookline, Massachusetts

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookline, Massachusetts, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Brookline's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brookline, Massachusetts's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Brookline, Massachusetts's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Town of Brookline, Massachusetts, in a separate letter dated December 16, 2011.

This report is intended solely for the information and use of management, the Board of Selectmen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Powers & Sullivan LLC*

December 16, 2011



100 Quannapowitt Parkway

Suite 101

Wakefield, MA 01880

T. 781-914-1700

F. 781-914-1701

www.powersandsullivan.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Honorable Board of Selectmen  
Town of Brookline, Massachusetts

**Compliance**

We have audited the compliance of the Town of Brookline, Massachusetts, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2011. The Town of Brookline, Massachusetts's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Brookline, Massachusetts's management. Our responsibility is to express an opinion on the Town of Brookline, Massachusetts's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town of Brookline, Massachusetts, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02.

**Internal Control Over Compliance**

The management of the Town of Brookline, Massachusetts, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Brookline, Massachusetts's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

*A material weakness in internal control over compliance* is deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Town of Brookline, Massachusetts' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Town of Brookline, Massachusetts's responses and, accordingly, we express no opinion on the responses.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookline, Massachusetts, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 16, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brookline, Massachusetts' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Selectmen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 16, 2011



## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
<u>Passed through Massachusetts Department     of Public Health:</u>		
Public Health and Social Services Emergency Fund	93.003	34,893
Drug-Free Communities Support Grant Program	93.276	<u>120,132</u>
TOTAL HEALTH AND HUMAN SERVICES		<u>155,025</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY		
<u>Passed through Massachusetts Emergency Management Agency:</u>		
Hazard Mitigation Grant	97.039	<u>56,541</u>
TOTAL		<u>\$ 7,192,363</u>
		(Concluded)

See notes to schedule of expenditures of federal awards.

**Note 1 - Definition of Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Brookline, Massachusetts. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the schedule.

**Note 2 - Significant Accounting Policies**

The accounting and reporting policies of the Town of Brookline, Massachusetts, are set forth below:

- (a) Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Accordingly, grant revenues are recognized when received and expenditures when paid.
- (b) Cash Assistance - School Breakfast and Lunch Program - Program expenditures represent federal reimbursement for meals provided during the year.
- (c) Non-Cash Assistance (Commodities) - School Lunch Program - Program expenditures represent the value of donated foods received during the fiscal year.

**Note 3 - Program Clusters**

In accordance with Subpart A §.105 of OMB Circular No. A-133, Audits of States, Local Governments and Non Profit Organizations, certain programs have been clustered in determining major programs. The following represents the clustered programs:

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
<b>Child Nutrition Cluster</b>	
School Breakfast Program	10.553
National School Lunch Program	10.555
<b>CDBG- Entitlement Grants Cluster</b>	
Community Development Block Grant	14.218
Community Development Block Grant - Recovery Act	14.253
<b>Title I, Part A Cluster</b>	
Title I Grants to Local Educational Agencies	84.010
Title I Grants to Local Educational Agencies - Recovery Act	84.389
<b>Special Education Cluster</b>	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Special Educational Grants to States - Recovery Act	84.391
Special Educational Preschool Grants - Recovery Act	84.392

**A. Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Town of Brookline, Massachusetts.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the Town of Brookline, Massachusetts, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Town of Brookline, Massachusetts, expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with OMB A-133 are reported in the schedule of findings and questioned costs.
7. The programs tested as major programs include:

<u>Program Title</u>	<u>CFDA Number</u>
School Breakfast Program	10.553
National School Lunch Program	10.555
Community Development Block Grant	14.218
Community Development Block Grant – Recovery Act	14.253
Education Jobs Grant	84.410
Title I Grants to Local Educational Agencies	84.010
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Title I Grants to Local Educational Agencies – Recovery Act	84.389
Special Education Grants to States – Recovery Act	84.391
Special Education preschool Grants – Recovery Act	84.392

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Brookline, Massachusetts, was determined to be a low-risk auditee.

**B. Findings-Financial Statements Audit**

None



**C. Findings and Questioned Costs-Major Federal Award Program Audit**2011-01

Title I Grants to Local Educational Agencies, CFDA No. 84.010

ARRA – Title I Grants to Local Educational Agencies, CFDA No. 84.389

*Condition and Criteria:* Expenditures reported on the Form FR1 (Final Financial Report) did not reconcile to amounts reported in the Town's general ledger.

*Cause:* Lack of procedures to ensure the proper review of financial reports completed by program staff.

*Effect:* Non-compliance with the Massachusetts Department of Elementary and Secondary Education (ESE) guidelines for managing grants that require the program financial reports to be reconciled to the Town ledger.

*Questioned Costs:* Unknown

*Auditor's Recommendation:* We recommend the School Department establish procedures to ensure that final reports are reconciled with the Town's general ledger per the ESE guidelines.

2011-02

Special Education Grants	84.027
Special Education Preschool Grants	84.173
ARRA - Special Education Grants to States – Recovery Act	84.391
ARRA - Special Education Preschool Grants – Recovery Act	84.392

*Condition and Criteria:* There were eight teachers paid out of the grants who were not on the approved teacher listing.

*Cause:* Lack of procedures to update the teachers listing each time there is a change in personnel.

*Effect:* Non-compliance with the Massachusetts Department of Elementary and Secondary Education (ESE) guidelines for managing grants that require the program to maintain the approved teachers listing and ensure that only the teachers on that list are paid out of the grant.

*Questioned Costs:* None

*Auditor's Recommendation:* We recommend that procedures be implemented to assure that the teacher listing is accurately maintained.

**D. Prior Year Audit Findings and Questioned Costs**2010-01

Special Education Grants	84.027
Special Education Preschool Grants	84.173
Special Education Grants to States – Recovery Act	84.391
Special Education Preschool Grants – Recovery Act	84.392

*Condition and Criteria:* OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments" requires grantees to maintain documentation of employee time and effort that has been charged to federal awards. If 100% of an employee's salary is charged to a federal award, a grant recipient is required to maintain semi-annual certifications stating that 100% of the employee's time was spent working on grant activities. If less than 100% of an employee's salary is charged to a federal award, a grant recipient is required to maintain monthly personnel activity reports documenting 100% of the employee's time. The Town is also required to maintain an active listing of teachers who are to be paid out of grant funds.

*Status: Partially Resolved.* For fiscal year 2011, an up to date teacher listing was maintained and semi-annual certifications were signed by employees of the Special Education Grant, CFDA # 84.027, however they were not used for the remaining special education grants.

**FY13 Board of Selectmen Objectives**

1. To continue to observe policies and practices to ensure long-term financial sustainability, including:
  - the recommendations of the Override Study Committee relative to, as adopted by Resolution in March, 2008.
  - implementation of recommendations of the Efficiency Initiative Committee and OPEB Task Force, where feasible, and to explore new opportunities for improving productivity and eliminating unnecessary costs.
  - Fiscal Policies relative to reserves and capital financing as part of the ongoing effort to observe sound financial practices and retain the Aaa credit rating.
  - To continue to seek PILOT Agreements with institutional non-profits along with an equitable approach for community-based organizations.
  - To continue to support the business community and vibrant commercial districts.
2. To carry out the CIP and the completion of major projects in progress including Muddy River Restoration, Fisher Hill Reservoir Re-Use, Village Square, Town Hall/Main Library/Pierce School garages, and the Runkle and Heath Schools in cooperation with the School Building Authority.
3. To continue to work with the School Committee on the development of a comprehensive plan to address the space needs issue in the schools.
4. To continue the Town/School Partnership as the means of budgetary planning for financial issues that span municipal and school interests.
5. To conduct labor contract negotiations for equitable settlements in conjunction within the Town's ability to pay as shaped by the objectives noted above.
6. To provide leadership for the Town's efforts to reduce energy use and its impact on the environment
  - a. To more fully integrate environmental concerns into Town governance through consideration of the recommendations of the Climate Action Committee and the Moderator's Committee on Waste Disposal.
7. To broaden the Town's commitment to promoting racial/religious diversity and inclusion through efforts such as participation in the Commonwealth Compact.

## 8. - 2

8. To expand technology utilization through promotion of the Brookline MA.gov website and supporting departmental applications such as
  - a. Better utilizing technology in an effort to improve the transparency and documentation around all Town committee meetings and agendas
  - b. Implementation of the new permitting and inspection systems and the Cartegraph work order system.
  - c. Continuing to expand the number of payments options available to residents, including the acceptance of credit cards in town offices.
  - d. To ensure the Police Department utilizes the latest advances in technology to provide public safety services to Town residents in the most efficient and effective manner
  - e. To assist the Fire Department in the utilization of technology to improve firefighter safety, to re-engineer business processes, and improve intra-departmental communication.
9. To work with the Town Clerk to develop a Town policy for records storage; to gather historic and archival Town records, documents and materials; to organize and catalog them; and to establish a suitable storage space in an accessible location.
10. To provide leadership and coordinate planning efforts to minimize negative impacts of development on neighborhoods
  - a. To monitor and comment on development projects in adjacent communities.
  - b. To work with the Hancock Village Neighborhood Conservation District Commission to protect the Town's interests with respect to proposed development at Hancock Village.
  - c. To ensure that Village Square/Gateway East improvements continue through engineering design and construction phases.
  - d. To work with the neighborhood toward completion and occupancy of the Fisher Hill mixed income housing development.
  - e. To seek opportunities to increase the Town's affordable housing stock.
11. To seek out opportunities to improve the streetscape with programs such as, LED street lights, alternative displays for newspaper boxes, and enforcement of the Sign By-Law
12. To ensure that historical plaques, street signs and symbols are maintained throughout the town and that deteriorating memorials are reviewed for possible preservation and restoration or replacement.
13. To work with Metropolitan Area Planning Council (MAPC) to allow the Town to enter the Hubway bicycle sharing system.
14. To review special permit provisions of the Zoning By-Law in order to determine whether this form of land use regulation can more directly control for adverse impacts on Town resources resulting from development.

15. To explore possibilities to strengthen code enforcement for incidents of over-occupancy through possible changes in inspection practices, fine structure, and the processing of case information.
16. To support the implementation of an optimally designed taxi medallion program that will maximize revenues while improving service and reducing carbon emissions.
17. To review recommendations of the Small Commercial Property Tax Exemption Committee and consider possible legislative changes to the existing statute to establish criteria that could be applied in a more fair and equitable manner.
18. To provide guidance to the Police Department as they pursue Accreditation status to ensure an appropriate balance between public safety needs and the rights of individuals and to continue to monitor policy considerations such as Citizen Complaints and the Video Camera Monitoring system.
19. To implement the changes in policies and procedures for the issuance of alcohol licenses as recommended by the Licensing Committee.
20. To continue to monitor service quality performance of both Comcast and RCN.
21. To ensure compliance with the provisions of the Americans with Disabilities Act.
22. To strengthen relationships with Boards and Commissions.



# TOWN of BROOKLINE

*Massachusetts*

## DEPARTMENT OF FINANCE

TREASURY DIVISION

STEPHEN E. CIRILLO  
Treasurer and Collector

To: Members of the Board of Selectmen  
From: Stephen Cirillo, Finance Director *SEC*  
Date: January 19, 2011  
RE: **Brookline Bond Refinancing Authorization**

Interest rates are now at historic low levels. An analysis of our current debt indicates that some current refunding (existing debt held longer than ten years) and advanced refunding (existing debt held less than ten years) may offer savings. The Town has the opportunity to refinance a portion of the Town's outstanding Bonds issued in 2002, 2003 and 2005 and generate savings of approximately \$775,866 over the remaining life of the loans. The CY 2002 Refunding would generate estimated savings in the Water/Sewer Enterprise Fund in the amount of \$54,140 and in the Golf Enterprise Fund in the amount of \$21,503 over the remaining term of the borrowing. The CY 2003 Refunding is for the Baker School project. As this project received a 61% reimbursement from the MSBA, the debt service saving in the General Fund would be \$469,035, but the annual MSBA revenue would be reduced by \$286,111 over the remaining term of the borrowing. The CY 2005 savings in the general fund for the Landfill Project would be \$231,188 over the remaining term of the borrowing.

Below please find a suggested form of vote for the Board of Selectmen to authorize the issuance of Refunding Bonds:

Voted: That, in order to save interest costs, the Treasurer is authorized to provide for the sale and issuance of bonds under G.L. c. 44, Section 21A, to refund all or any portion of the remaining principal of and redemption premium and interest on the Town's General Obligation Bonds dated May 15, 2002, May 15, 2003 and May 15, 2005; and that for this purpose the Treasurer is authorized to provide for the preparation and distribution of a Preliminary Official Statement; provided, however, that no bonds shall be issued under this vote unless and until the final interest rates and other terms of the refunding bonds are approved by the Board.

As the vote indicates, the refunding is subject to final approval by the Board of Selectmen when the final details of the refunding bonds are determined.

Please call with any questions.

From:



**Melvin Kleckner**  
**Stephen Cirillo**

Thursday, January 12, 2012 12:23:19 PM



Subject:

Fwd: Retirement Board Issues

To:



**Patty Parks**

Please schedule on Calendar

----- Original Message -----

My term appointment, as the representative of the BOS, ends on January 15, 2012. The Board will need to either re-appoint me, or appoint another representative. If they choose to re-appoint me, they may consider doing it on January 24, as I will be there for the Audit Report

Stephen Cirillo  
Director of Finance

OFFICE OF SELECTMEN

MEMORANDUM

TO: Board of Selectmen

FROM: Melissa Goff, Assistant Town Administrator *MG*

RE: **Transfer from BAA Trust Fund Account to Arts Council Matching Grants Account**

DATE: January 18, 2012

---

For the remainder of FY12, the Commission for the Arts is projected to spend \$600/month. A transfer of \$7,200 is needed to cover the FY12 projected expenditures.

FY12 YTD	\$3,600
FY12 (6 months)	<u>\$3,600</u>
	\$7,200

Therefore, \$7,200 needs to be transferred from the BAA Trust Fund Account (6300TR02) to the Arts Council Matching Grants Account (1220SG27).

**Recommended Action**

VOTED: That \$7,200 be transferred from the BAA Trust Fund Account (6300TR02) to the Arts Council Matching Grants Account (1220SG27).



**TOWN OF BROOKLINE**  
**APPLICATION FOR A TEMPORARY WINE AND MALT ALCOHOLIC**  
**BEVERAGES SALES LICENSE**

Date: 1-19-12

I hereby make application for a TEMPORARY ALCOHOLIC BEVERAGE LICENSE  
 for the purpose of selling and dispensing WINE AND MALT alcoholic beverages  
 permitted by law at a

BROOKLINE CHAMBER OF COMMERCE SPARKER EVENT  
 (state whether meeting, banquet, concert, picnic, wedding, etc.)

which is to be held by BROOKLINE CHAMBER OF COMMERCE  
 (Name of Organization)

251 HARVARD ST. #1 BROOKLINE, MA 02446  
 (Address of Organization)

a NON-PROFIT organization, on the 26th day of JANUARY  
 between the hours of 5-30-8:30 at the following described place:

PUPPET SHOWPLACE THEATRE, 32 STATION ST. BROOKLINE, MA 02445

[NOTE: Under state law, temporary licensees may not sell alcoholic beverages between  
 the hours of 2 a.m. and 8 a.m.]

State law permits issuance of a temporary license to sell alcohol only to the responsible  
 manager of an organization.

The above organization represents and warrants that the following individual is the  
 organization's responsible manager:

Name: HARRY ROBINSON Address: 45 NORTH ST. #56 STONEHAM, MA 02180

Title: EXECUTIVE DIRECTOR Date of Birth: 11-9-1957

Telephone number(s) (24-hour contact information): 617-319-6516

Email address(es): INFO@BROOKLINECHAMBER.COM

Complete name and address of officer of the organization applying:

Name: HARRY ROBINSON Title: EXECUTIVE DIRECTOR Address: 45 NORTH ST. #56 STONEHAM, MA 02180

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Address: \_\_\_\_\_

1) How many cases or barrels, etc. of malt or wine beverages are to be available for sale?

ONE CASE OF WINE

2) What is the maximum number of people to attend? 80

3) What is the age group of people to attend? 25-70

4) Are you charging an admission fee? YES

5) How will alcoholic beverages be dispensed or served and by whom? Please state the names, addresses and telephone numbers of all person(s) serving alcoholic beverages.

HARRY ROBINSON 45 NORTH ST. #52 STONEHAM, MA 02180  
617 319-6516

6) State whether or not the person(s) dispensing or serving alcohol received TIPS certification or equivalent safe-service-of-alcohol training, and the date(s) of any such certification or training. (PLEASE ATTACH DOCUMENTATION PERTAINING TO SUCH CERTIFICATION OR TRAINING.): NO

7) If any attending are under age 21, what method will be used to check I.D. and what procedures will be followed to make certain that those under age 21 are not served and are not allowed to consume alcoholic beverages? NO ONE UNDER 21

WILL BE ATTENDING

8) Will a police detail or other types of security be provided? NO

If "Yes" what type and how many?

Note: Police details are arranged for by contacting the Brookline Police Department.

9) If different from the responsible manager identified above, please state the name, address, age, and 24-hour contact information of the official, employee, or representative of the organization who will be physically present at the event and who has been duly authorized by the organization to be responsible for supervising the event to ensure compliance with all applicable federal, state, and local laws, regulations, ordinances and conditions on the license and maintenance of order and decorum:

(Name)

(Address)

(Date of Birth)

Telephone number(s) (24-hour contact information):

Email address(es):

10) Does the organization have a pending application for a liquor license as a common victualler, innholder or club? Is the premises for which a temporary license is sought already the subject of a liquor license? Yes No

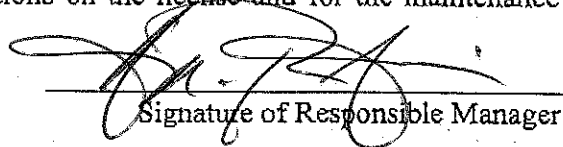
If the answer is yes to either question, please detail: \_\_\_\_\_

11) Please describe the portion(s) of the premises where the sale, storage and/or furnishing of alcohol will take place, including a specification and description of all indoor and outdoor portions of the premises (e.g., in the case of a function, table areas, bars, dance floors, tented area, etc.): STRICTLY INDOOR -

AT THE PUPPET SHOW PLACE THEATRE, ALCOHOL  
WILL BE SERVED ONLY IN THE LOBBY AREA OF THE

**Town Property Use:** In the event that the applicant seeks to use a Town property in THEATRE connection with the event that is the subject of this application, this application must be accompanied by proof that the applicant has secured, and that there is in effect during the period of time for which the license is sought, a general liability policy naming the Town as an additional insured, or, if the general liability policy exempts alcohol-related incidents or occurrences, a liquor liability policy naming the Town as an additional insured. By signing this application, the organization and its officers, employees, agents and representatives absolve the Town and its officials, officers, employees, agents and representatives from all liability in connection with the applicant's proposed use. By signing this application, the organization agrees to indemnify the Town for any damage to the Town's personal and real property resulting from the use, and agrees to indemnify the Town for any expenses the Town incurs in restoring the property to its condition prior to the use (in excess of any routine cleaning and maintenance service the Town would ordinarily have performed irrespective of the use.

**Certification:** I certify that I, as the responsible manager of the organization, have been duly authorized to apply for this license on behalf of the organization, and that I will be responsible for the organization's compliance with all applicable federal, state, and local laws, regulations, ordinances and conditions on the license and for the maintenance of order and decorum at the event.

  
Signature of Responsible Manager

## TOWN OF BROOKLINE

APPLICATION FOR A TEMPORARY WINE AND MALT ALCOHOLIC  
BEVERAGES SALES LICENSEDate: 1/11/12

I hereby make application for a TEMPORARY ALCOHOLIC BEVERAGE LICENSE  
for the purpose of selling and dispensing WINE AND MALT alcoholic beverages  
permitted by law at a

BATV Member/Producer Networking Night  
(state whether meeting, banquet, concert, picnic, wedding, etc.)

which is to be held by Brookline Access television  
(Name of Organization)

46 Tappan St (top floor) Brookline MA 02445  
(Address of Organization)

a non-profit organization, on the 31<sup>st</sup> day of January  
between the hours of 10pm-9pm at the following described place:

reception lobby of facility

[NOTE: Under state law, temporary licensees may not sell alcoholic beverages between  
the hours of 2 a.m. and 8 a.m.]

State law permits issuance of a temporary license to sell alcohol only to the responsible  
manager of an organization.

The above organization represents and warrants that the following individual is the  
organization's responsible manager:

Name: Peter Zawadzki Address: 46 Tappan St

Title: Executive Director Date of Birth: 9/29/80

Telephone number(s) (24-hour contact information): 617-731-8566

Email address(es): Peter@batv.org

Complete name and address of officer of the organization applying:

Name: Peter Zawadzki Title: Exec Dir Address: 46 Tappan St

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Address: \_\_\_\_\_

1) How many cases or barrels, etc. of malt or wine beverages are to be available for sale?

10 Bottles of wine

2) What is the maximum number of people to attend? 30-40

3) What is the age group of people to attend? Adults Only

4) Are you charging an admission fee? NO

5) How will alcoholic beverages be dispensed or served and by whom? Please state the names, addresses and telephone numbers of all person(s) serving alcoholic beverages. Nine

will be self-serve in a monitored area by a  
TIPS Certified Staff member

6) State whether or not the person(s) dispensing or serving alcohol received TIPS certification or equivalent safe-service-of-alcohol training, and the date(s) of any such certification or training. (PLEASE ATTACH DOCUMENTATION PERTAINING TO SUCH CERTIFICATION OR TRAINING.): A staff member with

TIPS certification will be on-location, obtained  
July 7, 2011

7) If any attending are under age 21, what method will be used to check I.D. and what procedures will be followed to make certain that those under age 21 are not served and are not allowed to consume alcoholic beverages? All invitees are of

age 21 or older

8) Will a police detail or other types of security be provided? NO

If "Yes" what type and how many? \_\_\_\_\_

Note: Police details are arranged for by contacting the Brookline Police Department.

9) If different from the responsible manager identified above, please state the name, address, age, and 24-hour contact information of the official, employee, or representative of the organization who will be physically present at the event and who has been duly authorized by the organization to be responsible for supervising the event to ensure compliance with all applicable federal, state, and local laws, regulations, ordinances and conditions on the license and maintenance of order and decorum:

Peter Zawadzki 410 Toppan St 9/29/80  
(Name) (Address) (Date of Birth)

Telephone number(s) (24-hour contact information): 617 731 8566

Email address(es): peter@batv.org

10) Does the organization have a pending application for a liquor license as a common victualler, innholder or club? Is the premises for which a temporary license is sought already the subject of a liquor license? Yes X No

If the answer is yes to either question, please detail: \_\_\_\_\_

11) Please describe the portion(s) of the premises where the sale, storage and/or furnishing of alcohol will take place, including a specification and description of all indoor and outdoor portions of the premises (e.g., in the case of a function, table areas, bars, dance floors, tented area, etc.): Reception area of the lobby in the facility

**Town Property Use:** In the event that the applicant seeks to use a Town property in connection with the event that is the subject of this application, this application must be accompanied by proof that the applicant has secured, and that there is in effect during the period of time for which the license is sought, a general liability policy naming the Town as an additional insured, or, if the general liability policy exempts alcohol-related incidents or occurrences, a liquor liability policy naming the Town as an additional insured. By signing this application, the organization and its officers, employees, agents and representatives absolve the Town and its officials, officers, employees, agents and representatives from all liability in connection with the applicant's proposed use. By signing this application, the organization agrees to indemnify the Town for any damage to the Town's personal and real property resulting from the use, and agrees to indemnify the Town for any expenses the Town incurs in restoring the property to its condition prior to the use (in excess of any routine cleaning and maintenance service the Town would ordinarily have performed irrespective of the use).

**Certification:** I certify that I, as the responsible manager of the organization, have been duly authorized to apply for this license on behalf of the organization, and that I will be responsible for the organization's compliance with all applicable federal, state, and local laws, regulations, ordinances and conditions on the license and for the maintenance of order and decorum at the event.

  
\_\_\_\_\_  
Signature of Responsible Manager

Print

Main Menu

Do not click Back-Space to leave this window

# Certificate of Completion

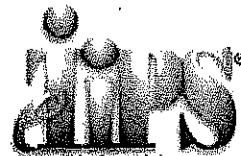
This Certificate of Completion of  
**eTIPS On Premise 2.0**  
 For coursework completed on July 7, 2011  
 provided by Health Communications, Inc.  
 is hereby granted to:

**Andrea Kalsow**

Certification to be sent to:  
 Brookline Access Television  
 46 Tappan St  
 Brookline MA, 02445-6003 USA



HEALTH COMMUNICATIONS, INC.



This document is not proof of TIPS certification. It signifies only that you have completed the course. Valid certification documents will be forwarded to you.

### This is your Official TIPS® Certification Card.

Carry it with you as evidence of your skills and knowledge in the responsible sale and consumption of alcohol.


### Congratulations!

By successfully completing the TIPS (Training for Intervention Procedures) program, you have taken your place in the forefront of a nationwide movement to reduce the tragedies resulting from the misuse of alcohol. We value your participation in the TIPS program.

You will help to provide a safer environment for your patrons, peers and/or colleagues by using the techniques you have learned and taking a positive approach towards alcohol use.

If you have any information you think would enhance the TIPS program, or if we can assist you in any way, please contact us at 703-524-1200. Thank you for your dedication to the responsible sale and consumption of alcohol.

Sincerely,



Adam F. Chafetz  
President, HCI

**IMPORTANT:** Keep a copy of this card for your records. Write down your certification number because you will need it when acting TIPS. For assistance or additional information, contact Health Communications, Inc. by using the information provided on the reverse side of your certification card. There is a minimal charge for a replacement card if your original card becomes lost, damaged or stolen.

**TIPS®**

TIPS® On Premise 2.0 SSN: XXX-XX-XXXX

Issued: 7/7/2011 Expires: 7/7/2014

ID#: 3035665 D.O.B.: XXXXX/XXXX

Andrea Kalsow  
Brookline Access Television  
46 Tappan St  
Brookline, MA 02445-6003

For service visit us online at [www.gettips.com](http://www.gettips.com)





Andrea Kalsow &lt;andrea@batv.org&gt;

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## Notification of BATV Event

4 messages

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**Andrea Kalsow <andrea@batv.org>**

Thu, Nov 3, 2011 at 4:19 PM

To: Kelli McDermott &lt;kelli\_mcdermott@brookline.k12.ma.us&gt;

Hi Kelli,

I'm emailing to notify the school that we will be having an event at 5pm on December 8th for the Brookline Chamber of Commerce. We will be serving alcohol at this event, so I wanted to double check that this would be okay with the school. I always like to send in a note with my permit application to the selectman's office.

Thanks!

Andrea

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Andrea Kalsow  
Brookline Access Television  
Community Relations Coordinator  
[andrea@batv.org](mailto:andrea@batv.org)  
[617.731.8566](tel:617.731.8566)  
46 Tappan St.

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**Andrea Kalsow <andrea@batv.org>**

Tue, Nov 8, 2011 at 4:41 PM

To: Kelli McDermott &lt;kelli\_mcdermott@brookline.k12.ma.us&gt;

Hi Kelli,

Sorry to bug you again, but I just wanted to follow up on my previous email to let you know we are planning an event for the evening of December 8th in which we will be serving alcohol. I usually like to include my email correspondence and an okay from the school when I send in my permit application. If you could get back to me asap I would greatly appreciate it!

Best,  
Andrea

[Quoted text hidden]

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**Kelli McDermott <kelli\_mcdermott@brookline.k12.ma.us>**

Wed, Nov 9, 2011 at 8:55 AM

To: Andrea Kalsow &lt;andrea@batv.org&gt;

Hi Andrea - Thanks for checking. But you can assume it is ok.  
:) Kelli

[Quoted text hidden]